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# West Europe Report

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7 November 1983

## WEST EUROPE REPORT

No. 2229

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## MADRID DENOUNCES ETA NICARAGUA PRESENCE, WANTS EXTRADITION

Madrid ABC in Spanish 27 Sep 83 p 21

[Text] The government has confirmed that it had been aware of the presence in Nicaragua of presumed ETAm militants since before the arrest of "El Pistolas" in Costa Rica occurred. Thus, friendly government sources informed ABC that the Spanish embassy in Nicaragua had reported information appearing in the Sandinista press about the activities of the "Basque brigades."

The same sources stated that when the reports were received from our diplomatic mission, the Nicaraguan ambassador in Madrid was called in in order to "inform him of the concern of the Spanish authorities" regarding the presence of presumed Basque terrorists in his country. Likewise this information was used by President Felipe Gonzalez in the course of his conversations with Tomas Borge, minister of interior of Nicaragua. The latter denied in principle any relation of his government with Basque terrorism, imputing the reports to a campaign to discredit Nicaragua organized by the CIA. Nevertheless it appears that the information in the possession of our president was formidable. The laudatory quotations which the daily BARRICADA--official organ of the FSLN [Frente Sandinista de Liberacion Nacional--Sandinista Front of National Liberation] had been publishing concerning the participation of "Citizens of Euskadi, the Basque State" in demonstrations in front of the United States embassy in Managua, could not have gone unnoticed by our delegation. The more so, when the data supplied by the daily confirmed the estimates of the intelligence services on the number of presumed ETA members who were "residing" in Nicaragua. According to BARRICADA, a group of 67 "brigadists" had remained in the country during the month of August, as "fruit of international solidarity", and the arrival of another 30 Basques who comprised the "second part of the brigade" was awaited.

ABC is convinced from sources close to the Ministry of the Interior that approximately one hundred ETA members had received short courses in "urban guerrilla warfare" in Nicaraguan territory.

Confident of Extradition

The Spanish government has full confidence that Costa Rica will grant the extradition of ETA militant Gregorio Jimenez Morales, "El Pistolas," despite the fact that the existing treaty does not cover individuals wanted for political reasons, according to Europa Press.

In documentation being prepared for the formal extradition request, emphasis will be laid on "the detestable crimes" committed by Jimenez Morales, and his membership in an armed band, whose struggle is not based on reasons of a political nature, especially at a time when Spain enjoys a democracy of full legality.

A few days after "El Pistolas" was arrested in Costa Rica, the Spanish government transmitted a telex to the Costa Rican government announcing its intention to seek extradition of the ETA member. The period for presenting all documentation ends in 40 days, so that there is time to deliver it until the end of October.

Yesterday afternoon Procedural Tribunal Headquarters number 5 was continuing its work in preparing the documentation and application. It is expected that the dossier will be sent up to the Ministry of Justice in the next few days.

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CSO: 3548/17



## ETA SUPPORTERS TAKEN INTO CUSTODY IN VIZCAYA

Madrid EL PAIS in Spanish 6 Oct 83 p 13

[Article by Patxo Unzueta]

[Text] Six young people, accused of being members of an information and support commando group for the ETA-m [Basque Fatherland and Liberty Group-military] have been arrested recently in Vizcaya and Alava, according to a memorandum released yesterday by the Vizcaya Higher Police Headquarters. Those arrested, Ignacio Garay, Natividad Martin, Juan Antonio Ozaeta, Jose maria Goti, Juan Ignacio Martinez and Jose Maria Zambrana, all residents of the Orozco-Llodio area, are charged with gathering information which the first of the persons named transmitted to the ETA leadership in France.

Among the information transmitted, according to the memorandum, was data about a Civil Guard barracks, a businessman from Ceberio (Vizcaya) and a resident of Munguia who owned some buildings.

Also, at least six persons were still being held yesterday under antiterrorist legislation in different Guipuzcoa police offices, Jose Luis Barberia reports from San Sebastian. Two of those detained, Patxi Taberna and Antxon Angulo, who are serving in the military in the Berga barracks in Lerida, could be linked to the Autonomous Anticapitalist Commandos, although this fact has not been able to be confirmed by government sources. According to pro-amnesty representatives, the other persons arrested are Fermin Urtizberea, Mikel Arakama, Antxon Tolaretxipi, and a young woman named Marisa, a native of Irun. Another three persons are being held incommunicado in the San Sebastian police station.

The majority of the 15 young people who were arrested over the past 11 days in Irun and Fuenterrabia have already been set free by order of the judge.

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CSO: 3548/26

## OFFICIAL 'DISCRIMINATION' IMPACT ON BASQUE POLICE

Madrid DIARIO 16 in Spanish 26 Sep 83 p 5

[Article by Manuel Idoyaga, Bilbao Correspondent]

[Text] The serious floods which have devastated the Basque country still maintain their aftermath of emergency in Bilbao and the province of Biscay. In the Basauri barracks, Luis Fernando Diego Ferrero, a young policeman from Torreglones (Zamora), buried his head in the pillows of his bunk, and took his own life with a muffled discharge of his regulation weapon; the event was not noticed by the hundreds of his comrades who shared the large dormitory room with him, until 9 o'clock in the morning, 3 hours after the suicide occurred.

News of the occurrence has not become generally known from the 10th of September until today, and has been kept hidden "without anyone knowing why." But now the leaders of the SUP [Unified Police Union] of Biscay have decided to present the matter to public opinion because "this is not an isolated event, but the result of life under pressure and lack of understanding between the command and ourselves."

"In fact, we now have a balance of six suicides, one of them the wife of a comrade, in the last 6 months."

## Malaise

Evidently the tension and the malaise among the thousands of national policemen who live cooped up in the Basauri barracks is growing each day. Now this suicide of a young policeman, who had worked hardly a month and a half at the job he was trained for, having recently left the Academy, who was a member of the Miranda de Ebro Reserve Company temporarily on detached service in Bilbao, "is one more piece of information which comes to support our demands that we be considered as workers, with a minimum level of personal guarantees, and that there be an end to the reprisals which are taken against those of us who seek the improvement of these conditions in which we live, such as just happened in the case of Manuel Romero Lopez, Secretary General of the provisional committee of the SUP in Biscay, who was punished with suspension from his duties for the mere act of defending our interests."

## Psychologists

The situation has reached the extreme where the SUP is going to begin a series of measures of support of its claims, which will take concrete form in a strike or boycott against the official facilities of the barracks: bars, mess-hall and commissary. A strike which will remain in force the 28th, 29th and 30th of this month.

The call for this boycott follows a series of demands and claims in connection with the labor situation of policemen on detached service in Biscay, and it is inevitably accompanied by a number of questions which police are asking themselves, and which have not received a response from their superiors.

As far as the Biscay section of the SUP is concerned, no one has delved deeply enough into the essence of these suicides. "A committee of officials who had announced an inquiry among the garrison of this barracks has hardly gone beyond interviewing a group of individuals owing their positions to the bosses. Who has seen this committee? Where are its conclusions?" "We know very well why this atmosphere of tension exists; it is not on account of fear of the situation in the Basque country, because we already knew where we were coming to, but rather because of our personal situation, because of the discrimination to which we are being subjected by the authorities with regard to our work, the total of hours (we are still working 24 hours per day, when we were promised the 40-hour work week), and the salary arrangements (the detached service assignments, which only we perform, are remunerated at 8,200 pesetas, when a subofficer receives 4,200, and an officer, 7,700, without having to do such service)."

In the view of the leaders of this labor movement, the causes of these tensions are to be sought in "the separation from families and the malaise which is generated each day between the national policemen and their chiefs." But now, the policemen are ready to demonstrate to public opinion the degree of malaise which has been generated in the barracks, and to this end they have issued their strike call. "Although we know that many are prepared to answer the call but they feel the fear of the reaction which this strike may produce in our superiors."

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## SERRA, HERNU FOCUS ON ANTITERRORIST COOPERATION

Madrid EL PAIS in Spanish 8 Oct 83 p 14

[Article by Feliciano Fidalgo]

[Excerpts] Paris--"Spain is totally committed to defend the values of western society; and its new arms policy is based on negotiation of technological compensation for Spain's industrial development, rather than on negotiating prices," the minister of defense, Narcis Serra, declared at the conclusion of conversations with his French colleague, Charles Hernu. Both ministers signed a new agreement regarding cooperation on defense matters, and firmly agreed on cooperation between the Civil Guard and the French gendarmerie.

A Civil Guard official was already appointed at the beginning of this month to represent that body in Paris within the context of the cooperation which it will be carrying on in the future with the French gendarmerie. The gendarmes, whose task is maintaining public order in France, are part of the Ministry of Defense--and not the Ministry of the Interior, to which the police belong. The French minister, Hernu, said he was pleased with this new French-Spanish collaboration, and Serra explained that the two forces would exchange experiences. In particular there will be a real cooperation as regards the struggle against terrorism. On this topic, the Spanish minister emphasized how France has been centralizing its command in the antiterrorist struggle.

In the bilateral field of antiterrorist cooperation, Narcis Serra asserted that Hernu had always understood the Spanish focus on the Basque problem to the point that in the future the Corsican situation, which is becoming increasingly virulent, could make Hernu better appreciate the topic of the Basque country and its ramifications in France "the way the Spanish see it."

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CSO: 3548/32

## ETA TO INTENSIFY ATTACKS IN PURSUIT OF 'KAS ALTERNATIVE'

Madrid EL ALCAZAR in Spanish 30 Sep 83 p 9

[Text] The latest actions of the terrorists make clear the plans of the armed ETA [Basque Fatherland and Liberty Group] organization. They aim to use greater force and intensity in attacking the state and military security forces--which they call "repressive foreign forces"--and to broaden their field of action to the provinces bordering the Basque Province (Santander and Logrono) where manifestations of concern have already been expressed because of the escalation of terror. The ETA members even are telling the population in a communique sent to EGIN that "they should refrain from driving and parking in the vicinity of police and military installations, for their own protection."

The attacks against the San Sebastian military post exchange, the Lequeirio fish factory and the Civil Guard command headquarters in Castro Urdiales were, to be exact, carried out by members of the political-military section of the ETA, which appears to favor carrying out actions jointly with the military sector of the organization. In their communique they make it clear that the armed struggle will continue until the introduction of the "KAS [Patriotic Socialist Coordination] alternative."

"All these actions," the ETA members said, "are set in the framework of our campaign of harassment against the forces of foreign occupation, and only negotiation of the alternative tactic of KAS can solve the problems which have been created for the Basque working people."

After declaring that the policy of the present government in practice means "the increase of a police presence, and the resultant repression and occupation of our towns and cities," the terrorists make this warning. "We will continue to attack all buildings which are used for quartering the forces of Spanish repression; and therefore any kind of responsibility is theirs if physical damage occurs among the civilian personnel which occupy them."

Finally, the political-military ETA also adds this warning: "From now on they should abandon these installations as quickly as possible if they want to avoid physical harm."

As we announced earlier, the population of Santander is uneasy in view of the attacks carried out in the province, from fear that these actions, far from

being sporadic ones, may become frequent. Because of this, the president of the Autonomous Community, Jose Antonio Rodriguez, has requested the minister of the interior to increase the police forces along the borders with Vizcaya in order to prevent terrorist actions.

"It is possible that we are up against a meticulously worked-out plan of the ETA organization to transfer the killings and tension of Cantabria, outside the borders of the Basque Province." "Jose Antonio Rodriguez points out: "We received the news about the Casto Urdiales attack with grief and concern, and we hope and wish for the ministry to take measures. Our people have always been on the side of peaceful coexistence."

It appears that Jose Barrionuevo is in agreement with the expansion of the contingent of security forces in the Santander area which borders on Vizcaya.

These Are the Demands of the Terrorists [in box]

The points which make up the "KAS [Patriotic Socialist Coordination] alternative are the following:

Freeing of all ETA prisoners,

Recognition of the national sovereignty of "Euskadi" [Basque Country], including the right to create a separate and sovereign state,

Legalization of all pro-independence political parties,

Withdrawal of the Civil Guard, National Police and General Police Brigade,

Basque government control of the armed forces quartered in "Euskadi."

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CSO: 3548/32

## BASQUE OFFICIALS VISIT ETA'S JIMENEZ; COSTA RICA ETA DRAGNET

Madrid EL PAIS in Spanish 23 Sep 83 p 16

[Article by Jesus Ceberio, Special Envoy, San Jose de Costa Rica: "Head of ETA Commandos Accused of Attempt Against Anti-Sandinista Leaders Fled From Costa Rica"]

[Text] The head of the ETA accused of an attempt against anti-Sandinista leaders of the Democratic Revolutionary Alliance (ARDE) managed to flee from Costa Rica, as Rodolfo Jimenez, subdirector of security, admitted yesterday. The minister of justice, Carlos Jose Gutierrez, confirmed as well that a second person, of Costa Rican nationality, has been detained in relation with this case.

Gregorio Jimenez Morales, the only member of ETA imprisoned up to now, was taken before the court of justice on Wednesday by the local police. Short in stature, with a pale complexion and thick mustache, "The Pistol" looked tired and worn.

He was allowed to be interviewed for some 10 minutes in the presence of the judge by the delegates of Herri Batasuna, Miguel Castells and Inaki Ruiz, who were accompanied by the defense attorney, Francisco Lemus.

The judge limited the conversation with the prisoner to family matters and interrupted when he began to speak about the circumstances of his arrest. Jimenez Morales cried when his mother and sister were mentioned.

Moved then to another courtroom, he was read the confession that he made on September 13 before the directors of intelligence and security, in which he allegedly would have accepted the existence of the terrorist plan which was presumably to be carried out in Costa Rica. He was also read the accusation of the attorney general, which at the moment is limited to the charges of falsification of documents and use of a false identity.

In accordance with Costa Rican penal procedure, Jimenez abstained from pleading before the judge. His lawyer maintained that it was not advisable for him to plead because he had even lost the concept of the passage of time during his long imprisonment. A little later he was sent to jail,

where an officer of the Spanish embassy was going to visit him yesterday, when his incommunicado period was over.

In contrast to what was said in yesterday's paper, the laws of Costa Rica permit the police to ask the judge in charge of the case for an extension of the periods of isolation mandated by law. In this case the judge granted a 10-day extension, which ended yesterday, with no irregularity in proceedings. The Fourth Judge of Instruction of San Jose has a period of 6 days from Wednesday to determine if the case is to be stayed or an indictment is to be handed down.

The representatives of the Basque Parliament were also received by the ministers of security and justice. The first of them, Angel Edmundo Solano, denied that there had ever been a question of his possible detention upon arriving in the country, as the chief of police had stated. The opportunity was even offered to arrange an interview with the prisoner before it became known that he had already been taken to court.

#### Police Follow Trail of Other ETA Members

Only Miguel Castells showed up in the afternoon for the appointment with the minister of justice, Carlos Jose Gutierrez. The latter was primarily interested in his qualifications as representative, to clarify whether he was from the Cortes or a regional Parliament. In the course of the meeting, the treaty of extradition signed at the end of the last century by Spain and Costa Rica was read. According to the report of the Basque lawyer, this agreement excludes extradition for politically-motivated crimes.

News on the progress of police investigations is released as if from an eyedropper. The flight of the alleged director of the terrorist commandos does not mean that the police have necessarily discarded the possibility that some of the members of the group are still in the country.

All Wednesday afternoon the low-frequency police radio transmitted information about a car in which presumed ETA activists might be traveling. "Be very careful, they are extremely dangerous," insisted the police announcer.

Within the frame of the political crisis originated by the alleged subversive ETA plan, by order of the Sandinistas, there was the surprise visit to San Jose of General Paul Gorman, commander of the U.S. troops stationed at the Panama Canal. During his meeting with President Luis Alberto Monge, the military leader offered this country a plan in which army engineers from the U.S., Colombia and Panama would carry out a program of building transportation networks in Costa Rica.

The president and the U.S. general agree that this project would not need the approval of the legislative assembly, because the soldiers brought into the country would not bear arms nor would they come with warlike aims. The U.S. would supply the machinery and supervision, while the Costa Rican government would provide the materials and manpower.



## MADRID ACCEPTS NICARAGUAN DENIAL OF ETA TIES

Madrid EL PAIS in Spanish 23 Sep 83 p 16

[Article by J.R., Madrid: "Contradictory Impressions in the Spanish Government on the Arrest in Costa Rica of ETA Member Jimenez Morales"]

[Text] Nicaragua's minister of the interior, Tomas Borge, said yesterday that Nicaragua will fully assist Spain in investigating the alleged presence of ETA terrorists in that country, "although I don't believe that the Spanish government will formally raise this issue," he added, speaking to reporters after a meeting in Madrid with his colleague, Interior Minister Jose Barrionuevo. The impressions of the Spanish administration as a result of this meeting and the ones with Felipe Gonzalez and Fernando Moran about this matter are contradictory.

Borge, who will hold a news conference today in which he promised to be "very explicit on some matters of interest to the Spanish people," also met yesterday with President Felipe Gonzalez for 1 hour and 20 minutes, and with Fernando Moran, Minister of the Exterior.

Felipe Gonzalez told the press yesterday, after his meeting with Borge, "The arguments of the Nicaraguan minister have convinced me; the Managua government has no relations with ETA nor does it plan to have any. The fact is that it does not have sufficient information about what is happening in our country."

Sources at the ministries visited by Borge stated that he has been informed of the doubts and the seriousness of the matter, should it be discovered that the Sandinista junta is using ETA. "We are convinced that Mr. Borge and possibly the rest of his Nicaraguan colleagues do not realize just what ETA represents for Spain," these sources added.

The minister of the interior released a communique after the Borge-Barrionuevo meeting in which it noted that the Spanish minister "made his Nicaraguan colleague aware of the criminal and antidemocratic character of the terrorist organization ETA, whose criminal activity is openly directed against Spanish democracy and harmony."

"Mr. Borge," the note adds, "expressed his opinion of the lack of historical justification for their aims of independence or secession and assured Nicaraguan opposition to any means of support for those who practice violence or make attempts against the Spanish state." Minister Barrionuevo suggested to Mr. Borge the suitability for both countries of a public explanation of this attitude on the part of Nicaragua's Ministry of the Interior, and Borge promised to offer the necessary support to Spanish authorities through the exchange of information on these questions and "by implementing the necessary means of control."

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CSO: 3548/513

## THORND AHL DISCUSSES BREAK WITH PROGRESSIVE PARTY, GLISTRUP

Copenhagen BERLINGSKE TIDENDE in Danish 6 Sep 83 p 7

[Article by Lisbeth Knudsen: "We Fought for a Good Cause, But Failed"]

[Text] The chairman of the Progressive Party's parliamentary representatives is predicting the end of the party within the next two elections at the latest, based on recent developments, and he blames Mogens Glistrup, the founder of the party, for its failure.

"We fought for an important cause and it is not our fault that it ended in failure."

With these words Uffe Thorndahl, the former chairman of the Progressive Party's (FRP) parliamentary representatives, closed the door yesterday on his party after 10 years and became an independent in Parliament.

In Thorndahl's opinion, FRP will come to an end within the next two parliamentary elections and he blames Mogens Glistrup, the founder of the party, and the people he chose as his loyal supporters for putting the party on the road to destruction.

"The Progressive Party came into being almost spontaneously as a healthy popular reaction to the welfare society, the state's continued insistence that individual citizens were incapable of managing their own affairs and the government bureaucracy's ability to irritate unnecessarily large segments of the population on a daily basis. All at once FRP channeled a latent popular demand for respect for individual citizens. This was a popular demand which cut across social groupings and which gave FRP completely homogenous support among all segments of the population."

## Herculean Task

"On that basis, FRP developed a program. It was a big task, which many worked very hard to accomplish over the years. The establishment of FRP as well as the Herculean task carried out by many of its supporters have left a lasting impression on the Danish society. Together we have made a contribution that will last for many years to come," said Uffe Thorndahl.

## Taking Over

Thorndahl took over the post as parliamentary group chairman in March 1981 and he had this to say about developments since then:

"I knew that the task would be difficult and thankless, but the main reason for that was Glistrup, of course, whom I was able to view more objectively by that time. In many ways, Glistrup is a striking and unusual person. His talent is unbelievable and versatile and his ability to work is phenomenal, but he also has many faults. First of all, you cannot quite trust him; second, he is so self-centered that everything, if possible, should preferably revolve around him. He actually does not care what other people think."

## Replacement

Thorndahl had this to say about the reason for his resignation from the party, which he delivered yesterday to the Frederiksborg county chairman:

"It seemed to me that our best and only chance would be to give the party more time before getting involved in an election campaign during which we could rebuild the party and change it into a regular democratic party. This would also give us time to plan the necessary and important replacement of party representatives for the parliamentary election in 1985. Had we taken advantage of that opportunity, I believe we would have had a reasonable chance to survive as a party with a support of 8 to 11 percent of the voters. That opportunity was lost last August."

Thordahl is of the opinion that the quality of party members in Parliament is inferior and that they are not working hard enough. He points out that it has been difficult to recruit real candidates for the party posts in the last few years, while a steady stream of good members have departed from the party.

## Inactive

"Glistrup's main support within the party now essentially constitutes a very small part of the membership. These supporters have often been very active in such a way that many of the people we might have engaged did not want to get involved in the work of the party. The party's parliamentary representatives have contributed too little, both quantitatively and qualitatively.

"Many of our representatives have generally based their political life on reading JYLLANDSPOSTEN, BERLINGSKE TIDENDE AND EXTRABLADET in the morning and then submitting a couple of questions to the ministers, after which they went home for a long weekend."

## Public Representatives

Thorndahl states that there were many positive reactions to his criticism of the party when he resigned as parliamentary group chairman last August, but not nearly enough to make him believe that the party could be saved.

"During August, Glistrup managed to convey the idea to the public that FRP representatiges in Parliament would represent at least to some extent the state prison in Horserod. Hence, to summarize, it is my sober judgment that FRP has passed the point in its development where it could possibly right itself again. That also means there is no point of remaining in the party and, therefore, I am resigning."

Thorndahl pointed out that he is not bitter about the 10 years within the party. In response to the question whether he would rather see the party give up than slowly fade away, he said: "The idea strikes me that the fact that FRP continues to live politically may be an obstacle to conveying the ideas which FRP really stands for--taking our efforts into consideration."

In mid-October the Progressive Party will hold its national congress, which will be characterized by the recent internal conflicts and breaks. It is Thorndahl's opinion that Glistrup, in light of recent developments, can now once more thoroughly exercise his power within the party because nobody will stand in his way any more. Thorndahl and the national party chairman, V.A. Jakobsen, used to cooperate closely with Glistrup concerning internal party matters but, according to Thorndahl, the national chairman chose to follow a different route than he did in August.

Uffe Thorndahl is happy and relieved about his decision and is not thinking about a career in any other political party. He hopes to continue working on the parliamentary committees he is interested in and, after 10 years, he bids the Progressive Party good-bye and good luck in the future without him.

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CS0: 3613/207

## POLL REGISTERS CONTINUED RISE IN SUPPORT FOR COALITION

Copenhagen BERLINGSKE TIDENDE in Danish 14 Sep 83 p 1

[Article by Lisbeth Knudsen: "Government Parties Gain 13 Seats"]

[Text] The government parties are expected to gain 13 seats if a special meeting of Parliament Friday results in a parliamentary election.

The Social Democratic Party together with the left-wing parties are expected to lose four seats. The present government coalition partners, the Radical Liberal Party and the Progressive Party, together would lose eight seats.

This is according to the August Gallup political poll. The poll also shows that despite a split among the party's parliamentary representatives and unusually sharp differences of opinion within the party, the Progressive Party is still capable of holding on to its voters. Compared to the June opinion poll, there is even talk about a slight gain.

The Gallup poll was taken precisely at the time when Finance Minister Henning Christophersen (Liberal Party) submitted the new budget. The latest poll also shows a marked increase in voter support for the government parties since June.

While the Conservative Party reached its peak with 28.1 percent voter support in June, the party now has 24.9 percent support. The Liberal Party, on the other hand, which since May has had considerably less support than in the election, now has 12.2 percent voter support, compared to 11.3 percent in the 1981 election. The Center-Democratic Party, which was headed for oblivion with 2 percent in June, now has 4.4 percent of the voter support.

Negotiations are continuing today between the prime minister, the government, the Radical Liberal Party and the Progressive Party, and the prime minister continues to believe that a solution can be reached.

According to Gallup, the distribution of parliamentary seats would look like this if we were to have an election after all. This distribution does not include the two members elected on Greenland and the two on the Faroe Islands.

	Gallup	Parliament Now
Social Democratic Party (S)	57	59
Radical Liberal Party (R)	6	9
Conservative Party (K)	44	26
Socialist People's Party (SF)	20	21
Center-Democratic Party (CD)	8	15
Christian People's Party (KRF)	4	4
Liberal Party (V)	22	20
Socialist Left Party (VS)	4	5
Progressive Party (FRP)	10	15

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CSO: 3613/207

## STUDY ON COMMUNIST INFILTRATION IN LABOR UNIONS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 5 Oct 83 p 3

[Article by Ernst Guenter Vetter: "'Conquer the Apparatus'"]

[Text] The political significance of the Communists in the Federal Republic cannot be gleaned from election results. According to DKP chairman Herbert Mies, the Communists represent more than may be presumed by looking at their organization and supporters. It has long been known that the labor unions are the most important point of departure of work "in the underground." An outsider has a hard time assessing successes or failures. Yet therein lies a special danger. The work proceeds not only unnoticed but in accordance with a disciplined strategy. Communists have more allies--witting or unwitting--than one might think.

A study just published by Manfred Wilke, himself a former leading official of the Education and Science Trade Union and now a lecturer in sociology at Berlin Free University, reveals new trends and perspectives of infiltration. On the basis of previous writings, Wilke is considered an expert on the subject of Communist infiltration. His findings published in his latest investigation were derived from careful observation of Communist activities, the speeches of leading Communists and, above all, a "thesis paper" published by the DKP at a "Marx conference" this past spring--a paper which previously had remained largely unknown.

According to Wilke's observations, the aim of Communist work is no longer the conquest of enterprises, as it was in the Weimar Republic; today the slogan is "conquer the apparatus." The tools of this policy are alliance and personnel policies. The Communists want to influence the topics and key terms of labor union language in such a way as to see them reflected in official labor union resolutions. According to Wilke's findings, the divergence of the interests of capital and labor is made the hub and pivot of the policies on which labor union demands are based, and this shifts the orientation of the labor union officials' own activity to a degree hardly noticeable to the individual. The labor unions, says Wilke, via their own language are arriving at a new image of themselves--an image useful to the Communists.



Wilke sees this clever agitation as having already been successful. Many officials, he says, no longer consider it their task to attain, in conflict and cooperation with enterprises, their associations and the state, solutions to problems that benefit the workers; they are content with strong demands and pithy sayings. In addition, he notes, what with the labor union leaders' manifest political lethargy, the bipolar view of society offered by the DKP and the related perceptions as to who the enemies are lend themselves admirably to the labor unions' public identification.

Wilke is of the opinion that the term "class autonomy" will be the most important slogan for Communists in the next phase of the fight to conquer the unified labor union. The reason why the DKP thinks that the time for this new phase has come apparently is that it believes it can notice what it calls "splits and shocks in the specifically Federal German mass consciousness," composed of "economic-miracle ideology, anticommunism and cooperation between management and labor." In this context, class autonomy means that the "subordination of the interests of the working class to overall capitalist interests" is to be combatted, and a confrontation is to be conducted with integration strategies and the politics of cooperation between management and labor.

Therefore labor union autonomy, as the most important component of class autonomy, contrary to past custom in the labor union federation, is not to be interpreted only a formal organizational and political independence of labor unions vis-a-vis parties and government institutions. Rather, the labor unions are to be detached from a positive relationship with the democratic state, and this is to be done in alliance with other new social movement. Therefore "class autonomy" is the slogan for a new Communist alliance policy.

Wilke recalls in this connection that the DKP regards itself as part of the USSR-led world Communist movement, whose aim is to establish a worldwide socialist system led by the Soviet Union and whose main trends in other parts of the world are considered to be the conquest of the labor movements of capitalist countries and of the movements of national liberation. In accordance with this categorization of its own policy, Wilke comes to understand "that the DKP considers the fight against anticommunism and anti-Sovietism, NATO missiles and the Chilean military junta and for a 35-hours week with full offsetting of wages to be nothing but different chapters of a grand struggle being waged to eliminate capitalism worldwide."

According to Wilke's findings, the peace movement, which in turn is to influence the labor unions, is given pride of place among "new social movements." The DKP regards it as one of its most important tasks of present times to induce the labor movement and the peace movement to make common cause. It wants to do so by acting as an "interpreter." Wilke says it is a key point of Communist alliance policy to obscure positions and differences between political trends. "The leveling of plurality is one of the prime prerequisites of a successful policy of having everyone fall in line ideologically." The aim is to confuse standards, particularly as far as officials are concerned. Time and again, there is emphasis on the significance of the fight for a 35-hour week as a means of alliance policy in the labor unions.

According to Wilke's observations, it is an important point of this concept in a transitory phase to detach the labor unions from the Social Democrats and to establish them as a political competition of the PSD for leadership. They therefore again envisage a labor union movement which is detached from the liberal social and governmental system under the slogan of "class autonomy" and thus is to differ from a Social Democracy pledged to democracy. In this strategy too, the strategists of the DKP apparently have the afterthought that via a labor union movement restructured in this way it is possible to envisage a fundamental change of the SPD. In accordance with the Communist plan, labor unions having thus become "autonomous" are not to aim at a compromise with a party leadership pledged to democracy but, by issuing demands, are to impose their "anticapitalist" concept on the party.

Wilke notes in conclusion that one can already see erosions in the DGB [German Labor Union Federation]--in other words, successes of the Communists. As an example he cites many DGB officials' rapprochement toward the peace movements, the condemnation of the Polish labor union Solidarity by individual labor union officials and attacks on leaders of labor unions, such as the Chemical Workers Union or the Miners Union, who see through the Communist infiltration and point it out. Wilke identifies officials open to Communist alliance policy, such as Detlev Hensche and Leonard Mahlein of the Printers Union or Christian Goetz of the Commerce, Banking and Insurance Union. Judging by the echo in Communist publications, Manfred Wilke thinks that to a predominating extent leading officials of the Metalworkers Union might also be advocates of a policy of "class autonomy in the DGB." In this connection he also names Franz Steinkuehler, who is to be elected second chairman at the pending congress of the Metalworkers Union.

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CSO: 3620/22

## EXTENT OF COMMUNIST INFLUENCE IN PEACE MOVEMENT

Hamburg DER SPIEGEL in German 19 Sep 83 pp 49-55

[Text] Is the largest extraparliamentary opposition of the postwar era directed by Communists?

The instruction of the head of government was unequivocal. State Minister Philipp Jenninger was ordered by Helmut Kohl to receive Soviet Marxist Josef Weber, who had asked for an interview in behalf of himself and other sponsors of the Krefeld Appeal.

The presence of a Communist in the Chancellor's Office was totally inconceivable to the Union Bundestag Deputies who had learned of the planned meeting, they protested in "livid indignation."

Jenninger declined to hold the discussion scheduled for a week ago last Thursday with the executive director of the DFU [German Peace Union] on "NATO counter-arming and the arms buildup per se." The "good news from Bonn" was disseminated a few days later by the "FAZ": Between the Federal Government and the Communists there is "nothing to talk about."

Even less so, if it's about peace. Because, as the Union sees it, in the debate about Soviet SS-20 and American Pershing missiles, it is the activists of the DFU and of the DKP [German Communist Party] and their offshoots who in any case call the tune. In short, the West German peace movement is subverted by Communists and ultimately directed by the Kremlin.

About 400 "thoroughly trained functionaries" of the DKP, according to State Secretary Carl-Dieter Spranger (CSU) of the Interior Ministry, are "active around the clock in the peace movement" and, as antiarmament professionals, work vigorously for "totally different influence possibilities than do the idealists who are merely spare-time anti-NATO demonstrators."

In the steering committees of the antimissile groups, according to organizational charts that Spranger has produced, "DKP elements in great numbers operate very successfully." CDU General Secretary Heiner Geissler, in deploring the influx, says, "Many people take part in the demonstrations without knowing that they are being organized and controlled by Communists loyal to Moscow."

In a 40-page analysis of the "leftist extremist and security-jeopardizing activities within the campaign against NATO counterarmament," Interior Minister Friedrich Zimmermann also attributes the principal role to the Communists. The DKP with their front organizations form the largest closed and activist grouping within the peace movement (around 100,000 persons); they have an effective organization, ample financial resources (60,000,000 DM annually from the DDR), and skillful campaign management."

The organizational chart shows how the Kremlin's chain of command extends in a straight line from Moscow through the DKP into the West German population. The official governmental cultivation of fear of Communism should certainly serve to block the steady growth of the largest extra-parliamentary opposition of the postwar period. Because what Union politicians proclaim about the role, number, and influence of Communists in the peace movement reflects more and wishes of the DKP than their actual importance.

Some 4,000 peace initiatives struggle in the Federal Republic against missile deployment. And of 1,100 groups in North Rhine/Westphalia, for example, just 70 are recognized as "Communist influenced" by the Constitution Protection Office. There is "simply no... subversion" of the peace movement. Even the head of the Federal Constitution Protection Office in Cologne, Christian Democrat Heribert Hellenbroich, is cautious: "I have never said anything about Communist control and financing of the peace movement."

The cadres who recruit adherents with cunning paraphrases of the old Marxist-Leninist vocabulary and stalwart subservience to East Berlin and Moscow, keep mostly to themselves. The German Communists, who have never learned to set up any signposts of their own on the march to socialism, make do mostly with whatever alliances of opportunity pop up.

Whether it is dealing with work in companies or extremist decrees, protests against nuclear power or housing shortages--cooperation with Social Democrats and Green Party types, labor unions and church people always functions quite smoothly. Election results of the DKP generally draw less than one percent.

The West German Communists, however, have not given up hope; the peace movement has been well suited to the "spread of their mass influence." In the struggle against rearming, asserts DKP Chairman Herbert Mies, "power for the strengthening of the party" must be won and "all political and corporate powers promoting similar initiatives" must be supported.

Therefore DKP and DFU members work on unswervingly and offer help wherever they see possible partners for the furtherance of their own objectives. Communists crank out handbills and paste up posters. They organize block parties, rent halls and offer references. "Without the cooperation of the top DKP staff workers," says Jurgen Beissner of the Green-affiliated Hannover List, "things would go a lot tougher."

Communists collect signatures against missile deployment, apply for demonstration permits, and get involved whenever and wherever a city, a neighborhood, a street, or even just a house wants to be declared a nuclear-free zone. They are always ready to help out when copy machines and typewriters, tents, tables and loudspeaker trucks are needed.

In complete accord with their chairman, they bring in their organizational experience when peace-motivated citizens start up peace initiatives. "And then if a secretary is needed to get an initiative launched and nobody will do it," as Green chairman Rainer Tampert has observed, "someone reports immediately from the DKP."

Granted, they do this to try to take over power. But is simply not so that they play the dominating role that the Christian Democrats ascribe to them. The successes are marginal. When the Harburg District Peace Forum wanted to put something into the 17 regional initiatives condemning the "shooting down of a civilian aircraft by the Soviet Union," the DKP representative vetoed it.

In Hessen, where signatures for the introduction of a referendum against missile deployment are being collected, the DKP supplied the paper for 30,000 copies of the tract "Peace Now." In the text, which the Hessian peace group drafted, there is not one single word about Soviet nuclear missiles. The Communist peace fighters also demanded that a sentence critical of Moscow be stricken from the draft of the referendum appeal ("The deployment of the SS-20 missiles gives the lie to the disarmament manifestations of the Soviet Union.") But they could not prevent 12 critical questions on peace from being addressed to the Soviet Embassy in Bonn, such as, "In the event of the removal of all weapons of mass destruction from the State of Hessia, would the Soviet Union be prepared to support a comparable move in the DDR, say from Thuringia?"

In preparation for the "Entertainers for Peace" song festival in Hamburg at the beginning of September, the DFU wanted to prohibit the expatriate DDR critic Wolf Biermann from singing. The independent opponents of rearmament had their way; the songwriter got to do his number: "The Soviet Union is just as peaceful as socialist." But few are whistling it.

The DKP wish to give the "clear and unequivocal answer of the peace powers" to the policy of the "loyal vassals of the Reagan Administration" at a single mass procession in Bonn in October was also turned down. It stays in three large demonstrations, and peace activists from the DDR will also participate, against the will of the West German Communists.

When the Communist faction was overruled, it granted its agreement subsequently, so as not to endanger the alliance. "These people," says Rudolf Bahro, DKP critic and DDR expatriate, "will brook many slights if they have to, if the ultimate outcome is still that Andropov is not left with one missile too few to assure peace."

And if it can serve the world revolution in any way, they will brook even more. Although, according to defense observers, "an especially large number of Communists" were present, the participants of the "Third Action Conference of the Peace Movement" drafted their Cologne Appeal without false regard for their Soviet friends: "All nuclear weapons in and for Europe, including the Soviet SS-20... must be abolished."

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## VIEWS, INFLUENCE OF SPD'S SEEHEIM CIRCLE

Hamburg DIE ZEIT in German 14 Oct 83 p 6

[Article by Hermann Rudolph: "On the Sidelines"]

[Text] Rarely has a newspaper article been published in a more unusual fashion. The first part of the article in which political scientist Karl Kaiser discussed the foreign and security policies of the SPD was contained in last week's issue of the SPD weekly VORWAERTS and the second part appeared on the same day in FRANKFURTER ALLGEMEINE, a newspaper on the other end of the political spectrum. But anyone who thought there was more to this than met the eye was quite wrong. The journalistic tightrope act was hardly more than a piquant sidelight connected with the publication of the piece. But the article as such is quite powerful. It is the most fundamental and decisive attack thus far against the rejection of arms modernization which has been the subject of debate weekend after weekend and SPD party district by party district. What is more, it represents a critique from within the ranks because Kaiser is himself a member of the SPD.

As director of the German Foreign Policy Association, Kaiser enjoys an excellent reputation as a foreign and security policy expert. In the article, he notes an incipient polarization and identity crisis such as the SPD has never experienced during the postwar era. He accuses the SPD of "unraveling" its "foreign and security policy image." This situation plays havoc with its "political credibility" and stands to condemn "the SPD to permanent opposition status." Kaiser also inveighs energetically against the SPD's dealings with the peace movement. It should no longer remain "an ally as such" of the party but should merely include "some specific groups or members and their sympathizers in particular."

But the group before which Kaiser originally spoke his piece made the whole thing perhaps more explosive than the thesis he put forward. Kaiser mounted his critique in early September at the invitation of the "Seeheim Circle," so named for the Lufthansa training site at Seeheim an der Bergstrasse where it usually meets. The circle consists of social democrats who are labeled as right-of-center according to the party's nomenclature. Even at the time, the 2-day meeting set off some slight political and journalistic shock waves because it voiced--for everyone to hear--criticism of the party leader-

ship in general and of SPD parliamentary group chairman Hans-Jochen Vogel in particular. So as not to impair the SPD's chances at the Land parliamentary elections in Hesse and Bremen, actual publication of Kaiser's critique was postponed. Now, in the aftermath of the Land and district party congresses of the past several weeks and a month prior to the national party congress which is to reach a final decision on the SPD position on modernization, the critique almost sounded like a last-ditch appeal--not only of one academic but of an entire segment of the SPD.

Is it correct to say then that there is a protest movement emerging inside the SPD against its retreat from erstwhile positions? Is the "Seeheim Circle" about to become the base for an opposition against the party leadership which is more and more falling into line with proposals rejecting modernization? It is true that the "Seeheim Circle" wanted to see Karl Kaiser's position paper published so that the Circle's views, reservations and representations might be included in the intra-party debate where they might otherwise hardly be heard. The FRANKFURTER ALLGEMEINE's contention, however, that the Circle "stood behind Kaiser" is termed "simplistic" to say the least by Darmstadt lord mayor Metzger, one of the organizers of the Circle. But in the aftermath of the debates held by this group and its basic approval of Kaiser's views the question remains where the "Seeheim Circle" does stand.

It touches on a sensitive spot in the development of the SPD since it relinquished the reins of government and got badly beaten in the Bundestag election. It boils down to the question of how identical today's SPD with its unconditional rejection of arms modernization is with the SPD which ran the government and stood for a reasoned security policy as part of the alliance. Or put somewhat differently and in more general terms: how does the SPD's new role gibe with the role it played for almost 20 years as a party which held or shared the reins of power?

If the "Seeheim Circle" stands for anything, it stands for this particular heritage. Along with groups which preceded it such as the Metzger Circle--named for the present lord mayor of Darmstadt who was deputy parliamentary group chairman in the Bundestag in the early seventies--and the Vogel Circle--named for the present opposition leader--the "Seeheim Circle" represents a goodly part of social-democratic efforts aimed at preserving the party's status as one willing and able to govern. This particularly applies to the attempts by the Young Socialists and leftwing groups to get the party to depart from its popular, middle-of-the-road course. This is what led to the original formation of the Circle in the early seventies. The Circle always did make a point of being more than a mere pressure group within the party. It aimed to provide a forum for debate outside the strict confines of party organization which was subject to tactical maneuvers, to the need to reach decisions and to public scrutiny. But to a certain extent it also always meant to be a balancing and trend-setting instrument to guide the party toward the political center. It was a forum where the



SPD bigwigs and, perhaps even more importantly, the SPD officeholders could meet and reinforce each other against leftwing challenges and receive both sustenance and political arguments to hold their own in intraparty squabbles. For a time, during the best years of the Schmidt government, half of the cabinet belonged to the "Seeheim Circle" which then in one sense resembled a topflight debating society and in another a seminar for the leaders of this republic.

It is therefore not really surprising that this circle is unhappy about developments inside the party since it lost power last October; nor is it surprising that the criticism has now begun to be directed against SPD parliamentary group chairman Vogel and not against him alone. After all, Vogel was a kind of reference point and model throughout the seventies for virtually all the right-of-center groupings within the SPD. His policy of integration and opening the party to the left and to somewhat greenish trends is viewed by many as something akin to desertion. Just the same, Vogel still calls himself a member of the "Seeheim Circle." He merely points out that his new function calls on him to do justice to all segments of the party and that this tends to alter his role with regard to the circle.

That is the situation which has almost automatically placed the "Seeheim Circle" in a position within the SPD in which the hopes of those have become tied to it who are afraid and unhappy about the present precipitate course on which the party is embarked. But is this circle really capable of fulfilling any such hopes? For that matter, does it really want to? And even if it did, is it not instead in danger of becoming a last redoubt and fallback position for those social democrats who are being pushed to the sidelines by the wave of yearning for peace, party harmony and the fulfillment of its old desire--suppressed during the years it was in power--of being a political party completely unto itself?

"If there were a danger that the party might break decisively with some of its previous policies, the circle would have to change in the sense that it would be more than the mere forum for debate it originally set out to be," says Guenter Metzger. But Metzger does not think that that point has yet been reached--even given developments in the rearmament debate. But things would become critical, if opinion trends which have led to many a change in erstwhile party policies already were to undermine the ties to the Atlantic alliance and move the SPD toward a rejection of NATO membership. Other members of the circle take a dimmer view of the situation. They believe that the SPD is presently faced with the prospect of a long struggle to regain a responsible, social democratic position in foreign and defense policy. The sins of omission committed in the early seventies, they sadly conclude, now have to be paid for because the party did not air its internal differences thoroughly enough.

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CSO: 3620/38

## POLICIES ON THIRD WORLD, MONETARY SYSTEM, EUROPE LACK RESULTS

Paris LIBERATION in French 29 Sep 83 p 3

[Article by Carlos de Sa Rego: "The Disappointed Hopes of French Diplomacy"]

[Text] Most French diplomatic initiatives, which Francois Mitterrand recalled yesterday before the United Nations, are having problems taking shape, whether for lack of cooperation by the Americans or for lack of any real follow-up.

Following the speech delivered by the president of the republic before the UN General Assembly in New York, no one could fail to ask himself: Why did Francois Mitterrand insist on making the trip? People were expecting a French initiative or at least a new tone in the rhetoric. But the president only listed, like a litany, the principles on which French foreign policy has been based since his arrival in the Elysee Palace.

World problems are not solved in 2 years, nor all alone. But a reiteration of the magnanimous ideas of Socialist France, compared with the meager results of French action abroad and the current lack of viable proposals, only produces a frustrating feeling of helplessness. Does the Elysee not have the resources for its policy? Or does it not have the policy for its resources?

At the United Nations yesterday, Francois Mitterrand reiterated his loyal support of the North-South dialogue and his determination to contribute to going beyond the politics of blocs. The president is convinced that "the gap is widening between the rich, who are still getting richer despite the crisis, and the poor, who are still becoming poorer because of the crisis" and that "the consequences of another world war would be incalculable." But, he states, "poverty and war are not an inevitability, but the result of perverse ways of thinking, which we must smash together."

Thus beneath the surface is the famous idea of a "Third Way," which Socialist France reiterates as one of its ways of solving North-South and East-West problems.

Actually, Francois Mitterrand has subtly put the two superpowers back to back by insisting on expressing, despite the incident of the South Korean jet and the USSR's nuclear superiority in Euromissiles, his wish to "preserve the

age-old good relations with the Soviet people." Similarly, by linking the issue of military budgets to credit needs for the development of Third World countries, the French president clearly criticized the arms race and the superpowers' responsibility for the sad world economic situation.

The only, somewhat new proposal by the president was, moreover, the willingness of France to host a preliminary conference bringing together the main military powers to define the goals to be achieved for "transfers for the benefit of development." With the exception of this initiative, whose practical realization is difficult to see in the present state of East-West tensions, Francois Mitterrand enumerated French positions: international monetary conference, use of technology to assure world progress, in both the North and South, urgent necessity of the industrialized countries to continue their aid to developing countries, rejection of a new arms race in space, the need to rebalance the Soviet Euromissile advantage in Europe, French conditions for participating in a general conference of nuclear powers, the determination of France to "go beyond Yalta," the hope for negotiated settlements in Chad and Lebanon....

The list cannot fail to sound hollow. For 2½ years, France has been able to boast only of a single "success" consistent with the Elysee's "Third World" policy: the signing of the gas supply contract with Algeria. Everywhere else, the leaders of developing countries, which France considers preferred partners, are complaining of the lack of any follow-up on initial French overtures.

Mexico, Algeria, Egypt and India were to be the key countries on which French diplomacy would rely to implement its policy in the Third World. Relations with these nations are good today, but they can only acknowledge, together with France, their common helplessness in the face of major international problems.

The Elysee similarly had good hopes of a dialogue with the United States on world monetary problems. At the time of the conferences of industrialized countries in Versailles and in Williamsburg, the French delegation did not conceal its optimism and pride at having convinced Ronald Reagan of the need to bring about a reduction of interest rates, which continue to defy explanation, and Mitterrand himself has often displayed a certain irritation with the occupant of the White House.

The "Third Way" is stalled: in Central America, the now famous "Franco-Mexican Resolution," which recognized the Salvadoran armed resistance as a representative entity in El Salvador, missed its mark. Yesterday, Mitterrand reiterated French support for the "Contadora Group," comprised of Mexico, Panama, Colombia and Venezuela. But the idea of removing the Central American conflict from the logic of blocs is still a faraway goal. The same analysis could be made of French initiatives in southern Africa, which Washington continues to treat as an East-West problem despite French good will.

In the Near East, France thought that the Americans and Israelis were already in amazing control of the region, while Arab countries found themselves in an extremely unfavorable ratio of forces. Under these conditions, Paris

believed that its role was to moderate the policy of the former and to strengthen the latter. Today, the French Army is slipping slowly into the Lebanese quagmire and its diplomacy in the region is fresh out of ideas. A single source of satisfaction: the French saved the PLO in Beirut in September 1982, enabling it to leave "honorably" the city besieged by the Israelis.

With regard to European security, Socialist France has demonstrated great consistency considering its "special" role within the Atlantic Alliance: it supports NATO's "dual decision" while refusing to allow its nuclear forces to be counted in the Geneva negotiations and while making an effort to promote a "European defense" through Franco-German rapprochement in the military sphere. And yet Bonn's leaders appear very reticent. And yesterday evening again, U.S. Vice President George Bush said that French and British nuclear missiles should be counted in "one of the two forums of military negotiations" in order to arrive at real arms reductions. Will the last great affirmation of French sovereignty also be treated as a negligible quantity by the U.S. ally?

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CSO: 3519/39

SIMONE VEIL ON UNIONS, PCF, EEC

Paris LIBERATION in French 7 Sep 83 p 7

[Interview with former European Parliament President Simone Veil by Jean-Michel Baer and Fabien Roland-Levy; date and place of interview not specified]

[Text] The former European Parliament president, whom the UDF is recommending to head its ticket in June, reveals for LIBERATION her main campaign issues: Europe, from which France derives numerous benefits, should not be made a scapegoat. EEC membership is the only way to escape the domination of the two superpowers. Finally, the champion of opinion polls plans to wage a real anticommunist crusade: Europe is, in her opinion, the best guarantee against the risk of "societal change."

[Question] With the reopening of parliament, when there are still numerous problems, trade unions seem to be soft-pedaling their demands. How do you interpret this?

[Answer] On the contrary, what I find striking, and the press is starting to notice it, is the action which the CGT is taking in businesses. The CGT and PC really intend to transform our society through the management of private businesses, either by instigating actual operations to sabotage production--which is what has happened in the automobile industry--or by opposing reorganization measures in order to establish a new type of management, in the style of Chapelle Darblay, for example.

[Question] The actions of wage earners in management is common to both the left and leftist trade unions. Mendes-France talked about economic democracy. Thus it was consistent for the left to implement its program, to pass the Auroux laws, for example.

[Answer] That is not what I am questioning. It is not a matter of applying the Auroux laws; the CGT's actions have nothing to do with them. I think that the CGT is acting in concert with the PC to bring about, step by step, an irreversible change toward a socialist society. To be convinced of this, we need only refer to the remarks or writings of Messrs Plissonnier, Herzog or Krasucki, in whose opinion the management of businesses should not

be subject to market-economy logic. Already, behind the campaign to "buy French" is this underlying idea. And this is particularly serious in the case of newspapers, since that is a way of attacking freedom of the press.

[Question] That isn't a new strategy.

[Answer] The idea isn't new, but it is expressed more clearly and it is also being put into practice. We should remember that in 1977 the left split over the number of businesses to be nationalized. That was no accident. For the communists, the area of nationalizations should be the broadest possible in order to attain a critical mass making it possible to change the real goal of nationalizations, even though various concepts are expressed: industrial policy, field of social experience, or establishment of a new system of management, indifferent to competitiveness. Which means that businesses must agree to be overstaffed, that they are no longer part of international competition and, in short, that France would close its borders and leave Europe.

[Question] That is a rather simplistic representation.

[Answer] No, neither the PC nor the CGT make any secret of their strategy and that strategy will inevitably lead to the adoption of protectionist measures and national assistance measures incompatible with EEC rules. This is why remaining in the SME [European Monetary System], which has a symbolic value, was so important. Outside the EEC, France would be infinitely more vulnerable to pressure exerted by the communists to transform its structures, i.e., to change over to a new form of society that would replace the market economy. A state-controlled economy would replace a free-market economy. And that is why we must remain in the EEC at all costs: it is an essential guarantee against communist aims.

[Question] Do you think that the Socialists would let their partners pursue this course, which you consider isolationist, without opposing it? The remarks of the president of the republic concerning the need for economic competition are not ambiguous, however.

[Answer] That's true, the strategy of the communists is not developing either as easily or as rapidly as they would like. Some ministers, such as Mr Delors and Mr Fabius, are alert. The minister of industry is also a particular target of the CGT's maneuvering, in his own electoral district, in the style of Chapelle Darblay. The CFDT and FO [Workers Force] are also adamant about remaining in the EEC and have pointed out the danger of the CGT's initiatives. But Mr Krasucki is pleased with the results already obtained.

[Question] The PC and CGT are instead currently giving the impression of moderating their demands, since the austerity plan does not really correspond to the policy they want.

[Answer] That doesn't bother them, since they leave the responsibility of taking the blame for the austerity program and unpopular measures to the Socialists. At the same time, they are managing to score points and to promote the idea of a different concept of business management. Didn't Mrs Francette

Lazard recently say that class action should employ more original methods than the protest strike? That is why they are aware that it is absolutely in their interest to remain in the government, as long as coexistence is not rendered impossible by international events. Unlike leaders of other parties, whose goal is more or less to leave their mark on history, to act in the present, they operate according to a completely different time frame; they are preparing for the future, the future of communist society.

[Question] That is a kind of Cold-War analysis which you are making.

[Answer] Your newspaper has itself provided me with many of the arguments and examples to support what I am saying. I am also delighted that you made that remark. Some of those who, 25 years ago, made excuses for the Soviet Union, invented justifications for the forced labor camps, for the Hungarian affair, and then Czechoslovakia, and treated those who were the most clear-sighted as though they were simple-minded, dyed-in-the-wool anticommunists, are today the most suspicious and the most critical of any demonstration of Soviet totalitarianism's determination to achieve hegemony. They are, in turn, being treated like "simple-minded anticommunists." Observe the reaction of former communists to the Chadian affair. I understand that people can be communists, completely devoted to that religion, believing that they are helping to establish a more egalitarian society, not wishing to see either the nomenclature or totalitarianism. What I don't understand is the leniency toward communists on the part of those who are clear-sighted and who would not want a communist regime in France for anything in the world. And also their lack of suspicion, as though the examples of the ways in which communists have established themselves in numerous countries were insufficient.

[Question] Suddenly you are infernally anticommunist, as though we were listening to Marie-France Garaud.

[Answer] I am actually in total agreement with her in this regard. But my distrust of communism does not date back to just yesterday. It goes back to the time of deportation, when I had never been involved in politics, but I was appalled by their dogmatic way of reasoning. The visits which I made to Eastern countries also sadly enlightened me about the political, economic and social situation of those countries. Recall the position which I took on the Olympic Games.

[Question] If I understand you correctly, the dividing line is between the communists and all others?

[Answer] Not all others; there are the Marxists on one side and, on the other, allow me to stop before getting to the far right. The important thing is knowing the world to which you want to belong, either to the world of freedom or to the world of totalitarianism. As far as I am concerned, I am not worried about paying more or fewer taxes, but rather about the government's or a party's control of society: what we must watch out for are structural reforms, those which can gradually, but unavoidably, bring about a change in the nature of our society. That is why the left-right distinction, as described today, no longer makes any sense when we learn what reality is in all communist countries.

A good majority of socialists have nothing to do with the communists. As some, such as Jean Daniel or Alfred Grosser, have noted, this is what undoubtedly explains the silence of many leftist intellectuals.

In France, the PC/PS alliance was born of an election necessity, even though this majority is divided over basic issues. Unfortunately, for some it has become an established reality to which they are attached and which they do not challenge. Many, and particularly those who do not question Western-type society, have allowed themselves to be trapped in their own reasoning. Since 1972, because they were part of the opposition and because they wanted to win, their thinking has been stereotyped, Manichean and totally unrealistic. And yet very many socialists, high government officials in particular, were perfectly aware of the French economic situation. But it was masked by that simplistic view of the situation.

[Question] The European elections are approaching. Do some of your UDF friends denounce the RPR's opportunism, concerning its recent European profession of faith?

[Answer] I don't think so. But people have been able to observe a real change in RPR positions since 1979. This is obvious within the Gaullist group in Strasbourg, where certain votes have been significant.

[Question] Despite the RPR's recommendation of a single ticket, a solution of which you approved, the opposition will very likely submit separate UDF and RPR tickets. Your UDF friends are urging you to head their ticket. You have so far refused to make a decision. What are your plans?

[Answer] I actually want to be able to head a ticket to have the opportunity to explain the need to build a [united] Europe.

[Question] On what other issues will you base your campaign?

[Answer] First, publicizing the EEC's achievements, in economic and social areas in particular, as well as its potential. In France and well before 1981, the habit of using double-talk in regard to the EEC was acquired. People said: "Europe is indispensable. When a problem arises, it is Europe's fault." How do you expect public opinion to make sense of that? For motives of domestic politics, people have always concealed what Europe has contributed to France and in particular what the Joint Agricultural Policy (PAC) has contributed to French farmers. They themselves have no doubt about it: read the texts of farmers' unions.

I will therefore strive to show that Europe has wrongly been made a scapegoat.

The second issue is that of liberties: the only guarantee--in any case, the most effective one--against the presence of communists in government is, for us, European integration, as I already explained to you.

The third issue is that of independence, as well as the political and economic weight of European countries in relation to the USSR and the United States: separately, they have hardly any influence and their chance to be heard is



by taking action at the European level. One example: the dollar's rise. If the second phase of the SME had been implemented and if the crown had become a European currency of exchange and reserve, we would have been better equipped to withstand the vagaries of the U.S. currency.

Finally, European security and defense have become such an important problem--and not only among the opposition--that they would undoubtedly be one of the main campaign issues.

[Question] I get the impression that you feel you are entrusted with a European mission. Don't you sometimes have the impression that you are preaching in the desert?

[Answer] It's true that sometimes I tell myself that the CDS is right to put so much passion into its European crusade. And there are times when I am no longer quite sure how to speak in order to get the message across.

I am convinced that in 10 or 20 years the younger generations will be very harsh in judging us, just as we were in judging the generation of our parents between the two world wars. They were crazy, they will say, they sold out Europe for a few hundred million; that's pathetic.

11915

CSO: 3519/39

POLITICAL

GREECE

# OBJECTION TO COMMUNIST SPEAKER AT LIBERATION FRONT FOUNDING

Athens I KATHIMERINI in Greek 28 Sep 83 p 5

[Text] I KATHIMERINI did not hesitate to support from these same columns a few months ago, the spirit, if not the letter and the philosophy of the bill for recognition of the National Resistance. As this philosophy was stated by the authorized minister of Internal Affairs both with declarations and speeches in Parliament, it had as its aim the recognition of this historic fact, the national reconciliation and the restoration of the organizations and the fighters that resisted the occupation forces. For this reason the National Resistance was separated both substantially and from the records since the time of the civil war. This separation was both intentional and necessary. The Greek people, even after a delay of many years, would honor totally, without exceptions and reservations, one more national epic that many countries that found themselves under the axis occupation during the same period would have been proud of. To the contrary, the years of civil war are not covered with splendor, nor can they inspire national pride. The winners should restrict themselves to the feeling that they just performed their duty, maintaining freedom and democracy in our country. The losers, having recognized their mistake, should seek only to forget. This stand is demanded from both sides in the effort for national reconciliation. The celebrations and triumphant boasting have no place in a bloody civil clash.

Under this prism, the organizers of the EAM anniversary celebration the day before yesterday committed a disastrous mistake, if not an outrageous provocation, in the selection of a person who as the principal speaker would represent and symbolize the National Resistance. Markos Vafeiadis, beyond any occupation resistance titles, is yesterday's leader of a defeated rebellion against the legal Greek government. (The same legality that is represented and expressed, of

course, by the present government.) And in this capacity, the speaker the day before yesterday was the most unsuitable person to be projected as the symbol of national reconciliation, revolving around Resistance against the occupation forces.

The provocative adulteration of the spirit of the anniversary does not concern only the selection of the person. It was caused by the contents of Markos Vafeiadis' speech. The speaker said that "the EAM inspires today's struggles". And added that: "Our resistance struggle was not only to chase away the foreign occupation forces: It was a revolution of social regeneration and popular domination". In other words, he repeated exactly the position on the basis of which the communist party changed the struggle for freedom to a civil strife.

This indicator could also be considered as a recollection of the confession of the mistakes of the extreme left that led to the civil war. Or, even as a delayed, by 42 years, "corrective intervention" as stated by Stalin who in 1941 urged all the communist parties to rise against the conqueror, emphasizing that: "The struggle is not for social revolution but to smash facism and free the enslaved peoples".

All of these could be considered funny, if they were not dangerous. And they are dangerous because the effort for national reconciliation, revolving around the epic of the Resistance, could possibly lead to exactly the opposite results. To igniting and reviving the passions of the past that, even without legal arrangement, already tended to subside and be forgotten by the younger generations.

The responsibility of the government and the minister of Internal Affairs is tremendous not only for the form the celebration of the day before yesterday assumed. But mainly because as inspirers of the selection of the speaker and the twisting of the spirit of the anniversary, they claim to be anti-revolutionary agents who belong in the governmental area. This means that it is very likely that the government in this way has "conceived" the meaning of national reconciliation. In its practical application, the philosophy creates surely the deepest anxiety.

9346  
CSO: 3521/7

## GOVERNMENT SCORED FOR EXCESSIVE ANTI-WEST POSTURE

Athens I KATHIMERINI in Greek 27 Sep 83 p 5

/Text/ The spontaneous interpretation of words and meanings is one of the areas in which PASOK has been outstanding during its two years in power. This arbitrariness has been especially applied in the foreign policy area. And the meaning of "independent foreign policy" is one of those that has been especially jaded by the government interpretive inventiveness.

How indeed do our Talleyrands conceive independence in foreign policy that the government representative talked about again the day before yesterday ("Athens alone decides") and that he again proclaimed with all the eloquence of his socialist laconism? This representative is the minister of Foreign Affairs. He made these statements to the newspaper NEA. ("We are the ones that decide on our national independent foreign policy".)

Of course, it would not be possible for one to accuse the government of being indifferent to the national interests; it would, however, be easy to attribute to the government an exaggerated concern about those things that it conceives as its party interests. And that is where it confuses the borders, putting one kind in the service of the other and presenting its pro-soviet position on the subject of the South Korean passenger plane as an independent foreign policy dictated by our national interests.

Because almost all of the diplomatic initiatives of the Miternichs of PASOK have this common point: they are anti-west, in agreement with the east and irrelevant to common sense. To present all of these diplomatic cubistics as examples of independent foreign policy is another kind of sense that is as distant from common sense as east is from west.

In its first phase, the arab/palestinian phase, our independent foreign policy wandered among the arab capitals, circulated its noisy enthusiasms and its secret disappointments from country to country, got in the middle of intra-arabic differences and ambitions, brought dreams about arabic investments of inconceivable size that proved to be as credible as the thousand and one nights stories, apotheosized Arafat, and by doing so apotheosized lack of diplomatic judgement. And of course we got paid for this: first of all by having the honor to have Greek ships participate in transporting the Palestinians who were departing Lebanon after the Israeli victory; and we also got paid with the various hostilities we created there.

The european harvest of "independent foreign policy" practiced by the government was less impressive, because the benefits from the participation in the EEC were not disturbed.

Things became even more complicated when our turn came to take over the presidency of the EEC, whereby we would both participate in the decisions and would also talk or act in behalf of the other nine. And then tough talk was exchanged with boasting: we proposed solutions to subjects that only the two super powers were discussing, such as the installations of missiles, and to frustrate, with our refusal to sign the relative document, the common condemnation of the Soviet Union for the death of 269 passengers of the South Korean airplane it shot down, a fact that even the Soviet Union itself did not deny. This way we became more soviet than the soviets on this point, just as we had become more arabic than the arabs. And of course more anti-western than the anti-westerners.

Now, how anti-westernism expresses an independent foreign policy remains to be explained by one of those who formulated it.

Until someone explains this to us, anyone will have the right to believe that PASOK, after being in power for two years, continues to subjugate foreign policy to what it considers its party interests, trying to keep an electoral clientele developed by its anti-western preelectoral slogans and now being lost because of necessary adaptations to hard reality, that is the benefits from participation in the EEC and the benefits from the presence of the American bases.

So one understands the need for PASOK to reconcile many irreconcilables, baptizing the national independence in tough anti-western talk, while quietly enjoying the benefits of our participation in western organizations. But PASOK must not overlook the fact that everything has its limits: both the benefits and the tough talk and the efforts to reconcile the irreconcilable.

9346

CSO: 3521/7

## PSUC BILL ON AUTHORITY TRANSFER TO CATALONIA

Madrid EL PAIS in Spanish 23 Sep 83 p 13

[Text] Barcelona--The parliamentary group of the Partit Socialista Unificat (PSUC) [Community Party] yesterday presented in the Catalan Parliament to the Generalitat of Catalonia a bill for an organic law on Authority Transfer. It was intended that this Catalan chamber accept and present it to the Pre-siding Committee of the Congress of Deputies, in accordance with the chamber's power to undertake legislative initiatives in the national Parliament. The communist proposal seeks to raise the ceiling on authorities recognized by the Estatut [Statute], based on what is set forth in article 150, section two, of the Constitution.

The initiative of the PSUC preceded by several hours the project for reforming the Estatut which Esquerra Republicana (ERC) [Republican Basque Party] announced, which will be presented in the Catalan Parliament next Monday. Unlike the ERC's reform project, the organic law does not have to be submitted to a referendum, nor does it lapse when Parliament's mandate ends.

Albert Alay, of the ERC, declared yesterday that his project for reforming the Estatut would go forward. It will be presented to the Catalan Parliament next Monday, bearing the signatures of at least one fifth of the deputies of the chamber.

The communists announced yesterday other initiatives to "invert" the mechanism proposed by the government for negotiating the fundamental laws which may affect the authorities of the autonomous communities: "We propose that negotiations start from the projects presented by the autonomous communities," affirmed Rafael Ribo. As an example, they presented a bill which they had prepared for a law regulating the Public Function of the Autonomous Communities.

Ribo expressed his doubts concerning the government's willingness to negotiate, because if it continues to insist on sanctioning the new LPA [expansion unknown] with the leftovers of the LOAPA [expansion unknown], "it leaves absolutely nothing to the autonomous communities regarding public function." the same thing can be said, he added, about the regulations of Local Rule.

12467

CSO: 3548/512

## ANALYSIS OF 'STATE OF NATION' PARLIAMENTARY DEBATE

Madrid EL PAIS in Spanish 23 Sep 83 p 10

[Editorial: "After the Tedium"]

[Text] The debate on the "state of the nation" continued throughout Wednesday afternoon and ended yesterday with the vote on the motions presented by the different parliamentary groups. The president of the government assumed the task of answering, and at times answering back, each and every parliamentary spokesman, without help from the ministers. Once again Felipe Gonzalez's considerable skills for political debate were apparent. His improvised contributions had the same conviction and sincerity that they possessed when he was the leader of the opposition. Nonetheless, not even the skill and zest for parliamentary life of the head of the executive branch served to raise the level of debate.

One must wonder, then, about the causes which explain why the results of the plenary session did not rise to the level of expectation awakened by its convocation. Certain official circles have made the absurd assertion that the disappointment of the mass media with the debate is the result of a sickly hypercriticism or of an orchestrated conspiracy. It seems probably, however, that one must attribute the responsibility for the lack of enthusiasm toward the plenary session on the "state of the nation" to defects in planning. Unlike presidential systems, the head of the executive branch in a parliamentary government, who receives his powers from the representatives of the popular will, participates almost daily in the tasks of the chamber and intervenes in order to defend the positions of the government, in the matters of major importance. Article 98 of our Constitution establishes that "the president directs the action of the government and coordinates the functions of the other members of the same." The prolonged silence of Felipe Gonzalez during the preceding period of sessions had created an artificial climate of expectations concerning his appearance, to which was attributed the function of pronouncing a message of great significance. However, his initial speech and later contributions presented little that was new and omitted precise pronouncements on such crucial questions as NATO, entry into the European Common Market, plans for industrial retraining, modifications in the structure of labor relations and the revenue policy for the coming years.



The government itself is responsible for the gigantic confusion which has been produced regarding the very nature of this week's plenary session. While many citizens believed that it would serve as a setting for the announcement of proposals and projects kept in reserve until now, the executive branch simply intended to make a partial recapitulation--in both the good and bad senses of the word--of the present situation, that is, of the successes attained and the problems still pending. The lack of justification for the solemnity of the "state of the nation" address became even more evident because of the limited success obtained by the president with his address. Moreover, in it he omitted themes whose absence nullified his aspiration to offer a comprehensive view of Spanish policy.

The debate had to support the dead weight of some interminable and repetitious discussions on the reliability of the statistics and on the criteria used by the various groups to compare--with each faction supporting its own views--national and international indices, past and present, or economic activity. The government utilized the figures when and how they suited it. The incantations of macroeconomics--in the form of real increases in the GDP, inflation, exports and imports, the deficit or the magnitudes of the OECD or of OECD Europe--consumed too much time in the contributions to the debate, but the enchargers did not always manage to control the exact meaning of the magic words. And all of this took place without anyone asking for it, and without its being necessary, useful or interesting to anyone.

The declarations of the spokesmen of the minority group were answered by the president of the government with the same zeal but with unequal tone. While the answer to Manuel Fraga made lavish use of courtesy and friendliness, Marcos Vizcaya was pushed against the ropes and Santiago Carrillo received shock treatment. Fraga redoubled his efforts to present himself as a leader of the common man, interested in the latter's shopping basket; he sprinkled his oratory with jokes, announced the imminent arrival of the Last Judgment, and offered the government his collaboration in the great affairs of state. His criticism of the socialist program lacked precision and his forecast was all too catastrophic. The contribution of Miquel Roca, who was surely the best speaker of these terrible sessions, was concise and strong, but he lost his way in the desert of statistics. The spokesman for the Basque minority carried out a fitting criticism of the insufficiencies of the law on legal counsel for persons under arrest and of the proposed law on asylum. Gonzalez's answer was not convincing. Adolfo Suarez repeated as a leader of the opposition ideas similar to those he had expressed while he occupied the presidency of the government, which speaks in his favor. Santiago Carrillo exchanged his former benevolence towards the center for a virulent criticism of the economic and foreign policies of the socialists. Bandres, of Euskadiko Ezkerra, and Vicens, of Esquerra Republicana, hardly had any official time to express their opinions.

The voting on the final motions brought more confusion than clarity to the debate, given the disparity of the proposals and the intention of the socialists to agree to all those which did not compromise the government too much. The joint motion of Alianza Popular, the Catalan minority and the centrists had the symbolic importance of agreement by the three groups

to present it. The rejection of the proposal by the Basque minority to abolish the devalued LPA shows the limits of the government's spirit of negotiation in the area of autonomy, where it harvests crop after crop of failure without the person most directly responsible--the minister of this branch--seeming inclined to imitate some humble television reporters and resign. The petition of the PNV for a bill to regulate private television was similarly defeated. It is truly curious to note the ease with which the PSOE rejects the reasonable proposals of this party, thereby wasting real opportunities for collaborating with it in the construction of democratic society. Finally, the vote of the socialists against the motion of the communists which would require the congress to declare formally that continuation in NATO be subject to a referendum shows that the Gonzalez government wants to keep its hands absolutely free in this matter.

Spaniards, exhausted, bored and perplexed, must have later opened their newspapers--which for some are turning into yellow journalism--in order to find out about "the state of the nation."

12467

CSO: 3548/512

## CAGLAYANGIL LETTER PESSIMISTIC OVER RETURN TO DEMOCRACY

Hamburg DER SPIEGEL in German 3 Oct 83 p 195

[SPIEGEL article: "Catastrophic Results." Ex-Foreign Minister Sabri Caglayangil to Hans-Dietrich Genscher]

[Text] Ihsan Sabri Caglayangil, who was Turkish foreign minister twice between 1965 and 1977, addressed a letter to Hans-Dietrich Genscher from an internment camp near Canakkale where he is being held with 15 other politicians.  
Excerpt:

Dear Colleague, honored Friend,

On several occasions we have had the chance to exchange thoughts with your excellency on the present crisis in Turkey. I remember our conversations in my apartment in Ankara. As became clear in those talks his Excellency Demirel, myself and members of our party do not believe that military intervention, for whatever reason, is justified in a democracy.

Nonetheless we have made the greatest effort not to take up a counterposition to the 12th of September (the military takeover) because of our realization that the honor of the Turkish military forces must not be violated, and because of our belief that a return to democracy would be guaranteed.

We knew that these forces in my country who possess military power have not given up the habit of trying to solve crises through military intervention rather than trusting the democratic process.

At regular 10-year intervals, we have experienced new crises and new military interventions. Our Western friends, and especially Turkish democrats, know that the Turkish people have never had the opportunity to vote an elected government out of office. This oft-repeated mistake is the only obstacle to political continuity and development of the country and is also the principal reason for its weakness.

For this reason we wished, and expected, that our partners in the Western community of destiny, and particularly the present German government, would take a position against the awakening dictatorial appetite in Turkey, in accordance with their philosophy and for their political advantage.

But those who said "the important thing is that Turkey is on our side, whatever their regime may be" have confirmed and supported the military government. This attitude played an important role.

Dear friend, how Turkey is governed certainly is an internal affair. But on the other hand, we cannot understand it when our friends, with whom we share common ideas on democracy, do not ask "what is going on in Turkey," but claim "everything is running well." Such an attitude lastly constitutes meddling in Turkey's internal affairs. The catastrophic consequences of the present development will soon become evident.

Dear colleague, I have told you repeatedly that with a weak Turkey there can be no strong NATO, that Turkey's weakness would harm the entire free world.

It is a fraudulent claim that a transition to democracy will take place in Turkey. Turkey was pushed into a controlled system. Although elections will be held, and parliament and parties will exist, whatever will be implemented is not what the people desire, but what the dictator commands.

Dear friend, I have no particular wish to convey in this letter. It is also not my intention to sadden your excellency. But in memory of the days of our working together, I thought that perhaps you might be interested in the true background of the Canakkale affair.

With love and respect,

Ihsan Sabri Caglayangil

9917

CSO: 3620/14

## BRIEFS

MIRAGE, F-16 IN GREECE--Greece with reportedly purchase Mirage 2000 fighter-bomber aircraft from France, a reliable source reports in Paris. The official announcement of a contract involving 40 combat aircraft developed by the Dassault-Breguet Company should be made in the next few days by Athens. This order reportedly will amount to 10 billion francs. We should recall that the Mirage 2000 is in competition with the F-16 of General Dynamics, the F-18 of McDonnell-Douglas, and the Tornado, developed jointly by the Federal Republic of Germany, Great Britain, and Italy. Although this report has been neither confirmed nor denied by officials in Athens, the spokesman of the Greek minister of defense states that the total purchase will cover 100 to 120 aircraft, not 40. Most experts in Athens believe that the Greek Government will divide the order between the Mirage 2000 and the F-16. [Text] [Paris ELECTRONIQUE ACTUALITES in French 23 Sep 83 p 9] 5170

CSO: 3519/32

## STUDY SHOWS GAINS FOR INDUSTRY OVER PAST YEAR

Copenhagen BERLINGSKE TIDENDE in Danish 12 Oct 83 Sec III p 3

[Article by Erik Bendt Rasmussen]

[Text] The major conclusion to be drawn from the balance sheets of 2,000 firms and the latest semi-annual reports is new growth in profits and sales. The trend has obviously turned, according to the new edition of "Denmark's 2,000 Biggest Firms, 1983."

Things are looking up for industry and trade, said assistant commerce professor Steen Hildebrandt on the basis of an analysis of around 3,000 1982 company balance sheets and a review of a number of semiannual reports for 1983. The analyses appear in Teknisk Forlag's "Denmark's 2,000 Biggest Firms, 1983," which will be released on Friday. There are decided gains in profits and sales. On the basis of the information we have, there is good reason for optimism with reference to future annual statements.

"The main conclusion is progress for industry and trade. The tendency toward declines in surpluses and sales has obviously turned around. The only thing that can destroy optimism is the politicians," said assistant professor Steen Hildebrandt. "The behavior and responsibility of politicians are very important for business life, which tends to size up the political prospects when making long-term commitments. The slide on the Stock Exchange in the last few days shows that this is not just a theoretical statement."

## Good Use for Surpluses

Trade activities had the biggest gains in surpluses. The 10 largest firms had an increases in surpluses of 177 percent. The 100 largest increased their surpluses by an average of almost 100 percent.

"There is good use for these surpluses, for many of the firms have been depleting their resources in the last few years. In the 2 preceding years the 100 largest trade firms reduced their surpluses by 41 and 55 percent respectively," said Steen Hildebrandt.

In real terms the 100 largest industries increased their sales by an average of 6 percent. They also increased their surpluses, but not as markedly as the trade firms. The 10 biggest industries increased their surpluses by 5 percent, calculated in terms of fixed prices.

#### Poultry Packing House Set Record

In 1982 the 10 largest industries sold 64 billion kroner worth of goods, compared to 55 billion kroner the year before. The 100 biggest firms sold goods worth 1983 [as published] billion kroner compared to 156 billion the year before. The same firms had a surplus of 7 billion kroner in 1982, which in terms of current prices represents an increase of 14 percent and an increase of 2 percent in terms of fixed prices. These changes were accomplished by a somewhat reduced work force, in that employment in the 100 largest firms fell from 233,000 to 227,000 workers. In the group of really large industries, in other words the 100 largest firms, 11 had a deficit in 1982--900 million kroner in all.

Brovst Poultry Packing House noted the biggest sales gains figured in percentages, 222 percent. It was followed by Fyn's Road Materials Factory with 122 percent, Assens Shipyard with 119 percent, Vognfabriken Nopa also with 119 percent and Georg Jensen's Silversmiths with a sales increase of 110 percent.

#### Danish Record

Of the really big firms, the DFDS [United Danish Steamship Company] concern noted a sales increase of 56 percent while the same firm had Denmark's record deficit for 1982. As we know this remarkable combination has led to drastic changes in DFDS.

Per sales kronen, the surplus was greatest for the Great Nordic Telegraph Company, where they earned 95 percent of sales in surplus, followed by Oresund Kryolit Company with 83 percent. Novo's percentage rate was 23, the Danish Sugar Factories' was 19 percent and the Danish Alcohol Factories' percentage was 17 percent.

#### Kept an Eye on Other Countries

Among less happy records, DFDS, as mentioned, had a record deficit, namely 170 million kroner. Among industrial firms, the following firms had these deficits: 132 million kroner, Helsingor Shipyard; 125 million kroner, Rex Rotary International and 106 million kroner, Nakskov Shipyard. They are followed by Superfos, Paul Bergsoe & Son, Berlingske Officin, Uni-Dan and United Paper Factories, with deficits of between 40 and 100 million kroner.

"To a very large degree Danish industry is built up around a special investment of human resources: creativity, initiative and industriousness in combination with a generally high level of education.

"But it is also worth noting," said assistant professor Steen Hildebrandt, "that the industrial nations that are winning out today at the expense of the European industrial nations are doing so primarily on the basis of goal-directed professional and technical training, intensive work efforts and integrated research and financial cooperation between the state and private business. Developments in the last 10 years show that the favorable development opportunities for Danish industry lie in specialization and highly-processed products in the area of consumer and investment goods. Industrial production will be more capital-intensive in the future and therefore a vital competitive prerequisite will be a business consolidation capacity and thus a capacity to invest in new production technology, including high technology in the electronics sector, of course."

In addition to extensive columns of figures, "Denmark's 2,000 Biggest Firms, 1983" contains a new section this year on the biggest concerns with a total increase in surpluses of 17 percent. If we ignore OK, none of the 25 biggest firms had declining sales figures.

6578

CSO: 3613/19



## HARVEST EXPECTED TO BE MUCH WORSE THAN ORIGINALLY FORECAST

Copenhagen BERLINGSKE TIDENDE in Danish 8 Sep 83 Sect III p 4

[Article by Ib Christensen]

[Text] A study by the National Plant Office paints an even more dismal picture than the Ministry of Agriculture had feared. There is concern within the agricultural industry that there will be more foreclosures again, particularly among hard-pressed hog farmers later in the year when this year's harvest has been used up.

The agricultural industry fears a new wave of foreclosures following this year's harvest. The National Plant Office has compiled the first complete inventory of how many farmers have been affected by crop failure and it shows that the situation is even worse than the Ministry of Agriculture had feared.

According to reports from consultants, some 22,500 of the 94,000 registered farmers on Jutland and the Danish islands will suffer crop losses of up to 30 to 50 percent. "The reduction in yields of various crops, compared to a normal harvest, is the result of a wet spring and dry summer months," the Association of Small Danish Farmers told BERLINGSKE. The situation is most precarious in West and South Jutland.

Ribe, Vejle and Ringkøbing counties are some of the completely blackened areas in Denmark as well as the Limfjord regions. Here there is talk about real crop failure. On Fyn, where there is a total of 9,000 farmers, some 1,400 to 1,500 of them are facing economic losses of more than 30 percent. Some 11,000 Zealand farmers are let off easy compared to their Jutland colleagues in that a modest 300 of them will suffer losses of less than 50 percent. This is in part due to the winter crops, which have done quite well.

The Agricultural Council will use the study in its upcoming negotiations with the government concerning disaster relief for the industry. Sources within the Ministry of Agriculture told BERLINGSKE that among the several thousand farmers with crop disasters this year there must be many whose economic situation is so precarious that they risk foreclosure unless they get economic aid.

## DLG Predicts Greater Losses

The study is based on consultants' appraisal of the situation as it now appears and the losses have not been valued in terms of money, but the Agricultural Council is now talking about an aggregate loss of between 2 and 2.5 billion kroner. Bent M. Hansen, director of the Danish Agricultural Products Company [DLG], shares the pessimistic evaluation and says:

"Following a considerable reduction in profits, we anticipate that we will again have greater debt losses after a drop from 38 million kroner in the first half of 1982 to 21 million in the first half of 1983. At this moment, hog farmers find themselves in a very tight economic situation because feed prices are rising sharply.

"An unknown number of them will be ruined financially because reduced profits will be 'the straw that broke the camel's back.'

"Figures show that the situation is quite alarming. Within the last 6 weeks alone, feed prices have gone up 40 percent due to the drought in the United States.

"Most of the farmers will survive, but they will have liquidity problems. However, the problems should not be so great but what they can be taken care of by traditional financing sources. But farmers must anticipate lower profits and depreciation of capital."

According to Bent Hansen, economic collapses will come when animal producers have used up this year's crops and discover that their financial situation will not allow them to continue.

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CSO: 3613/207

## GOVERNMENT TO AID HARD-HIT AGRICULTURAL SECTOR

Copenhagen BERLINGSKE TIDENDE in Danish 13 Oct 83 p 4

[Text] The nation's hardest recession-hit farmers can probably look forward to sharing between 100 and 200 million kroner in direct catastrophe assistance from the state, according to RITZAUS BUREAU.

The Agricultural Council--with its president, farm owner Hans O. A. Kjeldsen at its head--met Wednesday with Agriculture Minister Niels Anker Kofoed to discuss how the extraordinary economic assistance could be implemented. And Hans O. A. Kjeldsen said after the meeting that they had agreed that the farmers who can document a harvest loss of more than 40 percent could share the sum of between 100 and 200 million kroner that will be paid out--if approved by a Folketing majority.

On the other hand, according to the president of the Agricultural Council, the less hard-hit farmers will have a chance to cover their loss of income through the debt elimination act.

Both the wet spring and the very dry summer created big problems for many farmers, especially in the Southern Jutland area, according to Hans. O. A. Kjeldsen, who estimated that this year's total loss on the grain harvest is around 3 billion kroner.

Agriculture Minister Niels Anker Kofoed will now present a draft for a harvest loss plan to the government's coordination committee and it is expected that the harvest loss plan can be "polished up" at a meeting Friday with the Agricultural Council.

6578

CSO: 3613/19

## SUDDEN JUMP IN WAGE LEVEL THREATENS COMPETITIVENESS GAINS

Copenhagen BERLINGSKE TIDENDE in Danish 12 Oct 83 Sec III p 1

[Article by Ole Schmidt Pedersen and Svend Bie]

[Text] Wages rose twice as fast in Denmark as they did abroad, according to figures from the Iron Industry's Employers' Association. Therefore the employers want to tighten up the wage trend even more next year.

Denmark has been overtaken in the race for the lowest wage increases. Wages in Denmark rose twice as fast as they did in other countries.

When employers decided on a wage development of no more than 4 percent this spring, the express purpose was to improve competitiveness. Figures from the Iron Industry's Employers' Association indicate that wage developments held to that, but that this has not been enough to increase competitiveness, since wages in other countries have only risen half that much, around 2 percent, in this contract year.

Director of the Iron Industry's Employers' Association Sven F. Thomsen said that an analysis of wage developments abroad was made through averaging the wages paid by the iron industry's most important trading partners. The figures have been corrected for changes in exchange rates.

The wage ceiling of 4 percent that was set by the employer group applied only to the first contract year. No wage limit has been set for the next contract year, but Sven F. Thomsen said that "wage developments abroad will enter into the deliberations that are held.

"We have still not taken a stand on how members should be advised for the next contract year, but there is no doubt that we must have a lower wage development. It is of vital importance that wages in 1984 not rise as much as this year," said Sven F. Thomsen.

6578

CSO: 3613/19

## METALWORKERS UNION'S STEINKUEHLER ON LABOR ISSUES

Hamburg DIE ZEIT in German 14 Oct 83 p 17, 19

[Interview with Franz Steinkuehler, deputy chairman of FRG metalworkers union by Erika Martens and Peter Christ; date and place unknown: "I Am in Favor of Self-Defense"]

[Text] [Question] Mr Steinkuehler, you are considered the bad boy of the metalworkers union. You have now attained the second-highest post inside the union by becoming deputy chairman of it. Will have you have to relinquish the avant-garde role you frequently played in Baden-Wuerttemberg now that you have moved to the Frankfurt headquarters ?

[Answer] What avant-garde role is that ?

[Question] In matters of wage policy; in combativeness, in social policy. Do you now have to stop saying things out loud and make like a statesman ?

[Answer] I hope I will not change. As I did in Stuttgart I will do my best to work in the work force's interests in Frankfurt, too.

[Question] Could we get back to the issue of moderation. Could you imagine saying things like this in the future: 'the business sector has built an economic empire on our backs which concentrates capital in the hands of the few as would not even have been conceivable under Hitler fascism ?'

[Answer] You are quoting this out of context. But I do not intend to exercise moderation vis-a-vis our economic or political adversaries. At a time when the social welfare state is being turned inside out with might and main, moderation is not called for but a resolute representation of our interests.

[Question] So Frankfurt will be adopting a tougher course ?

[Answer] That will not depend on my intentions but on the circumstances. The workers have every reason to defend what they have attained tooth and nail. They must recognize that those who are in power now are intent on taking back the hard-won gains of the working class in any way they can

and they must decide whether they are prepared to take this lying down. As for me, I am in favor of self-defense under any circumstances.

[Question] The situation the unions are in is getting more difficult all the time. Economic conditions are deteriorating; unemployment is up; membership in the metalworkers union is down; contributions are shrinking. That weakens your fighting strength, doesn't it ?

[Answer] We are losing many, many jobs in this country and in that way we are also losing members and dues-payers. But our fighting strength does not depend on how much money we have in the strike fund alone. Even more important is the readiness of the membership to fight and their will to identify with the goals of the organization. If they keep on getting tougher on performance at the plants; if the workers get up every morning worrying about whether they still have a job and if they still worry at night at the family dinner table, then it is only natural for the membership to be afraid to fight. The union becomes weaker as a consequence. But that does not mean that we will take everything lying down. And that is why we must define certain positions for the defense of which we can mobilize the entire membership.

[Question] What positions are you thinking of in particular ?

[Answer] Even in this crisis situation where there is nothing to be redistributed any more I think we can still stand up for our interests in wage negotiations. For example, I am thinking of working conditions which are harmful to the workers' health and are forcing them into early retirement or turning them into invalids. The ensuing costs have thus far been borne by the health and retirement insurance schemes. Why shouldn't we make the employers pay for them ? Because this horrendous economic damage is due to their management-oriented actions after all. The unions could do something about that.

[Question] Do you think the employees are going to be enthused about that, if, as you yourself admit, they are happy at the moment to hold on to their job and their real wages ?

[Answer] The employees are fixated on those issues only if you do not point out any alternatives to them. But the union is duty-bound to call attention to alternatives. We—and who else—must fight against the spread of resignation that is rife as a result of more and more firms going bankrupt and more and more jobs being destroyed. If we look at the causes, we find again and again that those who played the part of big entrepreneurs in good times have committed unbelievably dumb management mistakes and that businessmen can destroy firms at will with society then jumping in to bail them out. That is why society must be in a position to exercise more of an influence on entrepreneurial decisions.

[Question] Do you really believe the state would be a better entrepreneur ?

[Answer] I am talking about the labor force. Many a firm could have been saved from going under, if the works council had had the power to take charge.

[Question] Are you looking for more co-determination then ? There is no chance of that, given the present government. Ernst Albrecht, the minister president of Lower Saxony, in promulgating his 10 theses, is always saying that co-determination bureaucratizes entrepreneurial decisions. Now that would mean that co-determination is going to be wound down rather than built up.

[Answer] In fact, Mr Albrecht is even in favor of doing away with the social welfare state in its entirety. He is against regulations that restrict education, social plans and give protection against having one's lease revoked. His theses are an indication of the magnitude of the turnaround. And if the working population is not devilishly careful, then they will even be told in the name of freedom that it would be best, if there were no wage agreements and every worker would instead conclude his own agreement with his employer on where he will work and what he will earn. That is part of the Albrecht catalog, too, isn't it.

[Question] Do you believe that the economic crisis is being fanned by the CDU/CSU and some segments of industry to provide them with a pretext for cutting social services ?

[Answer] The crisis is not being fanned but is being taken advantage of to the hilt.

[Question] Do you also distrust your metalworkers union colleague Norbert Bluem, the present minister of labor ?

[Answer] Mr Bluem is caught in a kind of magnetic field that does not admit of the type of social policy he might possibly favor. He must decide for himself how long he wants to remain the representative of a totally unsocial policy which runs counter to his own previous views.

[Question] Could the present economic crisis provide the unions with a reason for reverting to class struggle slogans and pursuing socialist policies ?

[Answer] I do not detect a trend pointing in that direction at the moment. 99 percent of all trade union work consists in reacting to situations created by others. But if the situation were to change, union actions would change as well. For this reason I could see the controversies assuming a different shape. But that does not necessarily have to involve a turn toward socialism.

[Question] Does that mean there will be more strikes ?

[Answer] It means more controversy; but controversy does not in itself have to include strikes.

[Question] For the past 3 years the unions have given up on gains in real wages. The concept of redistributing national wealth in favor of the working class has failed. Must the unions now accept the fact that they are unable to change economic and social conditions in any real sense ?

[Answer] That is really asking too much of wage agreements per se. Only fools believe that the social order can be changed with the help of wage agreements. Over the past few years, our strength simply has not sufficed to secure the real wages. In other words, we did not volunteer giving up on this issue but were forced to.

[Question] Or were the tactics of metalworkers union leadership to blame ?

[Answer] I cannot see where anyone could be faulted. The executive committee did not put the brakes on the membership; it was actually the other way around.

[Question] Just like now in the case of the 35-hour week which does not really have the wholehearted support of the membership.

[Answer] The opinion-making process is not complete as yet. If push comes to shove, a large majority will be behind our demands for shortening the work week. We do not have to worry about our members' readiness to fight.

[Question] Have you made plans for a strike as yet ?

[Answer] There will be a tougher fight for the 35-hour week than for wage increases because the 35-hour week alters the real power relationships in ways different from wage increases. It will curtail the power which has accrued to the employer side as a consequence of high unemployment.

[Question] But given the power relationships, do you think you will get the full compensation you are asking for ?

[Answer] I hope we are strong enough because full compensation is what we need. In any event, it makes sense and it can be paid for. Shorter working hours which cut down on purchasing power would only lead to an intensification of the crisis.

[Question] But giving up on wages does not necessarily have to cut down on purchasing power. It might even grow overall, if it helps more people get work and subsequently raises their income.



[Answer] One would have to work that out sometime. But for those who have a job shorter working hours without full compensation is worse financially than part-time work in any event. For that matter, I simply cannot imagine that a family with an average gross income of DM 3,600 could make out on shorter working hours in the absence of full compensation. All this talk about flex-time, job sharing and part-time work does not mean a thing for most of the workers concerned.

[Question] But if you not only think of those who have jobs but also want to create new jobs for the unemployed, you have to bring down the work week to 35 hours all at once because one hour will not have any effect at all. But do you think that is a realistic position to take ?

[Answer] 5 hours at one stroke—that will be hard to accomplish. The impact on the labor market, of course, would be much bigger in the case of 5 hours instead of in the case of one. Here again, it will depend on how strong we are and how much solidarity we can muster in order to achieve the biggest possible impact on the labor market by taking large steps and to take care that it does not wind up at zero. We also will have to see to it that shorter working hours will not be offset by greater demands for work.

[Question] How do you aim to prevent that from occurring ?

[Answer] Through wage agreements. I believe that the workers have to carry burdens by now which exceed their long-term performance capabilities by far. And our constitution which guarantees the inviolability of the individual not applies on Sundays. Any society which treats its citizens as inhumanely as ours does not deserve the name of social welfare state under the rule of the law.

[Question] Where do you stand vis-a-vis the SPD ? Until recently, you were deputy party chairman for Baden-Wurttemberg—but probably more from a sense of obligation than by inclination. Or have we got that wrong ?

[Answer] That is not quite correct. In the first instance, I am a trade unionist and inside the SPD I represent the interests of the working population. There is no political party where one can do a better job of that than in the SPD.

[Question] But while the SPD still ran the government in Bonn, your relationship to the party was by no means free of tensions. In 1981, after all, you got 70,000 people to join in a protest march against the economic policies of the then coalition.

[Answer] We felt that workers' interests were being violated and we just had to protest against that. There was some tension in other words.

[Question] Did the position taken by the unions accelerate the demise of the coalition ?

[Answer] That is an almost philosophical question. The SPD was in danger of losing its credibility among the working population. Because of this loss of credibility it eventually was forced into the opposition. Credibility once lost is hard to regain.

[Question] Thus far you have taken a relatively peaceable position vis-a-vis the new liberal-conservative government.

[Answer] It is not yet the end of all days. We will simply have to wait for some of the government's promises to turn out to be castles in the air. Dissatisfaction is already on the rise in the factories.

[Question] Only with regard to peace policy are the unions becoming more active. Is that more important to you than social policy ?

[Answer] If peace cannot be secured, we might just as well forget about everything else. It is therefore correct to say that the unions are taking a stand on this existential issue of arms modernization.

[Question] The trade unions have now called for work stoppages to protest against the arms race. Would you be prepared to go as far as Saarland SPD chairman Oskar Lafontaine and call for a general strike ?

[Answer] I would not go so far at this time...

[Question] But you would not preclude the possibility of politically motivated strikes altogether ?

[Answer] Not altogether; it is just not an issue at this time. But that does not mean that we should give up on the general strike as a tool in the political struggle for all time. Even Helmut Schmidt once emphatically came out in favor of a general strike.

[Question] That must have been long ago.

[Answer] To be sure; he was not yet chancellor at the time. It was during the debate on rearming the FRG.

[Question] Where would you say you stand in the SPD spectrum ?

[Answer] That is hard to say. Sometimes I catach myself on the left wing.

[Question] As for instance with regard to arms modernization ?

[Answer] On that issue, I was on the left wing. Now the SPD is beginning to move a little. On the nuclear energy issue, I am on the right wing. There are some people who think I am a terrible socialist and some take me for a right-winger. It really does not make too much of a difference to me.

[Question] Would you like to change society ?

[Answer] Yes, but I am a little afraid of revolution because an awful lot of people always get ground underfoot that way. In my view, social change is a dynamic process and not a sudden cataclysm. For that reason, I have always been in favor of reform.

[Question] Is power of importance for you ?

[Answer] Of course; because if I did not have any, I could not implement my ideas. I would like to see the unions have much more power than they do at the moment so that they could better represent the interests of their members.

[Question] Have these interests not been represented emphatically enough in the past ?

[Answer] If I had been in charge, I would have done a lot of things differently—with regard to quite a few wage decisions, for example. But there are, thank God, different viewpoints represented within the metalworkers union and I hope I was never among those who were always proven right after the fact because then I would have to tell myself that my powers of persuasion did not suffice to accomplish what was right.

[Question] You are conscious of power and power also has something to do with vanity. Are you vane ?

[Answer] I do not like to run around with my trousers unpressed. If that is what you are referring to, then I guess I am vane.

[Question] We were actually referring to your remarkable skill in projecting your public image.

[Answer] I protest. Apparently it seems extraordinary for a trade unionist not to stutter and to be able to read and write. And as for speaking, I am able to string a few sentences together—even in front of a microphone.

[Question] Is it going to be difficult for you not to be the top man out in the provinces any more but to be number two man in the big city ?

[Answer] I am going to miss not being in the front rank of the battle any longer and I know that there are no medals to be won in a post like this one at this time.

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CSO: 3620/37

## MARKETS FOR WIRELESS TELEPHONE DEVELOPED BY SECRE

Paris ELECTRONIQUE ACTUALITES in French 23 Sep 83 p 9

[Text] The first French wireless telephone, produced by SECRE, went on display on 20 September in Paris. Clearly different from wireless telephones made in Asia and now available on the market, the SECRE wireless telephone meets a standard set by the Ministry of Posts and Telecommunications which ensures the quality and proper functioning of the equipment. On the other hand, its sales price to the public will be a little higher (2,550 francs at the most). This telephone will be distributed by two sales networks. One of these, handled by Prestinox, a company which has specialized in video communications, will aim at the public market. The other sales network, handled directly by SECRE, will deal with the business sector. To develop this telephone, the manufacturer has benefited from an initial purchase by the Ministry of Posts and Telecommunications in the order of 10 million francs. Prestinox will sell the telephone under the trade name of "Presticom SF 110" in its movie and photographic equipment stores, its hi-fi and television stores, the department stores, and retail outlets specializing in telephones and home appliances. SECRE will sell to business customers through telephone installation firms and its traditional customers (Ministry of Posts and Telecommunications, EDF [French Electric Company], and the SNCF [French National Railroads]), marketing its product under the brand name "Liberte" [Liberty]. Up to 2 million "Presticom SF 110" telephones could be sold between now and 1990, which would amount to 8 to 10 percent of the total number of telephone subscribers (22 million). SECRE is more prudent in its estimate of the market, expecting that it will be able to sell 30,000 to 40,000 telephones during the first year of commercial sales. We should note that the number of wireless telephones made in Asia and "clandestinely" sold in France presently totals from 80,000 to 100,000. The SECRE wireless telephone, which can function over a radius of 100 meters, stands out technically in terms of three principal characteristics which flow from the Ministry of Posts and Telecommunications standard: it operates on frequencies reserved for this use (26 MHz [Mega Herz] for transmission and 41 MHz for reception); it is shielded from interference; and it has a 20 Bit secret code (allowing more than 1 million combinations) which is random and changing (each time the telephone is placed on its base its code is changed automatically). This avoids annoying interference on the telephone by a neighbor. We might add that the telephone base has a calling button on it, which makes it possible to talk between mobile telephones. The telephone is manufactured at the SECRE factory in Soissons.

## GOVERNMENT SEEN EASING ITS FIGHT TO STEM INFLATION CYCLE

## Paper Urges Continued Firmness

Reykjavik MORGUNBLADID in Icelandic 28 Aug 83 p 24

[Editorial: "We Shouldn't Stop Working Hard"]

[Text] The day before yesterday the Central Bank of Iceland issued a press release and the prime minister and the finance minister called a press conference. There were three main subjects covered: 1) It had been decided that the available loans rate would increase some 8.1 percent on 1 September, in accordance with inflationary trends and using the customary methods for figuring this rate. 2) The available loans rate for persons building houses and for students would change to 5.1 percent on 1 September. 3) After this, the available loans rate will be calculated on a monthly basis, using current figures for cost of living and construction costs.

It is obvious from this list that we are not talking about any appropriately innovative decisions. It becomes clear from the statements of the ministers concerning their waverings on the available loan rate that there had been ideas within the government of "fiddling" with this figure, but that they got bogged down in worries that people with money in savings would take legal action. But the government couldn't exactly have gone through with the "fiddling" with student loans and housing construction loans and then hit up the social security treasury for the same thing. Experience, moreover, has shown that "fiddling with the rates" on the part of the authorities only brings on more hard times. We need to take note that, at the 2,000-person meeting on housing last Wednesday, people were not asking for any "fiddling" with the available-loans rates, but rather they were asking for loans to be made more long term and for loan percentages to be raised. The governing parties have promised both of these things before the next elections.

Changes in economic calculation techniques have been achieved, which should best ensure a correspondence between the abovementioned rates, using concurrent figures; but the available-loans rate is still being calculated using the old inflation rate, before it started to decrease. It also came out in the press releases from the government and from the Central Bank that there are plans for the available-loans rate to go down fast beginning on 1 October. The Central Bank press release worded it as follows: "All available

prognostications unanimously point to the fact that inflation will drop a little bit next month and that it already has dropped this month." The bank also predicts that the rate of actual interest will soon be overtaking the inflation rate, also making a reduction in inflation possible.

Experience shows that the Central Bank tends to take great care in its announcements of predicted inflation reduction, specifying that it will drop so much. But the uncertainty factor is great, and it is hazardous to make promises of this kind. Few things contribute more to ineffectualness in a difficult situation than the raising of high hopes which may or may not be fulfilled. It is clear that these predictions of continued reduction in inflation depend on a lot of belt-tightening, both as regards the exchange rate and as regards salaries. In the few decades in which we have experienced rising inflation, it has been said now and then that control over inflation was within our grasp, but that result has unfortunately always been temporary. It is not insurmountable economic problems we are faced with here, but rather political disagreements. Our hard work has distilled down into a long-term siege.

If people think that Friday's press release and the ministerial press conference mean that the battle is over, they are making a dangerous error. The ministers were only explaining the technical background of the changed situation since inflation has begun to drop. On the other hand, we have not applied our calculated results for some time, so that what has already happened still has not succeeded in getting the suit of clothes tailored to the right size for the national economy, as the saying goes. Our ever-increasing deficit in the national treasury is the clearest indication of this. And on the same Friday as the press conference we explained here in this newspaper that our most valuable export product, the cod filets for the American market, have been lowered in price. Fish dealers may argue about the justifiability of the reduced price, but it does indicate in any case that disaster may be in the offing. Not only that, but we cannot avoid a budget deficit next year without heavy belt-tightening and the utmost thriftiness. We must not stop working hard after only a 3-month fight.

#### Finance Minister: Inflation Easing

Reykjavik MORGUNBLADID in Icelandic 30 Aug 83 p 3

[Text] "I anticipate that interest rates will drop at least some 5 percent in the first 10 days of September. This doesn't mean a final solution, but I would be very disappointed if the rates didn't go down," replied Finance Minister Albert Gudmundsson when MORGUNBLADID asked him whether interest rates would be dropping, and when.

The finance minister further said that attempts would be made to reduce interest rates on a monthly basis, along with the reduction in inflation, and said that he hoped that by this method inflation could be brought down to at least 30 percent by the end of this year. Interest reduction will be based, in any case, on inflation figures, according to Gudmundsson, and he did say that inflation should come down below 30 percent by the end of the year.

## Budget Goals for 1984

Reykjavik MORGUNBLADID in Icelandic 3 Sep 83 p 48

[Text] Most of the government's budget goals for 1984 were outlined at a government session which lasted from 9:00 a.m. to 3:00 p.m. yesterday in the houses of the government. The goals are based on maintaining a stable exchange rate for the Icelandic krona for the entire year and raising salaries next year an average of four to six percent. All of these calculations are figured according to the December 1983 price index, which means that all of the budget increases from throughout 1983 have been included in the calculation.

Higher increases in salaries, compared with price increases, are anticipated. Salary increases will be about six percent, whereas price hikes will amount to some four percent. Attempts will reportedly be made to keep the exchange rate constant in the face of these percentage increases, but there is no assurance that external circumstances might not have an unexpected effect on the exchange rate. The government hopes to maintain a balanced budget throughout 1984, even though the 1983 budget deficit is getting closer and closer to 1 billion kronur.

The government will attempt general cutbacks in all government operational budget funds as well as in current programs and in grants to public finds and will attempt to backpedal as much as possible on new programs.

The government also decided on an outline for the national budget at the session yesterday, and work on this will be continued in the National Economic Commission, where it will be compared with basic goals of the government as regards budget proposals. The government's economic consultants and those who have been working on outlining budget proposals and the national economic program also sat in on yesterday's meeting. The government is planning to present the nation's borrowing plans in the Althing together with the budget proposals; it is the goal of the government as regards these plans that new foreign loans in 1984 will not exceed 3,500 million kronur or reach 4,000 million.

## Business Group Gives Views

Reykjavik MORGUNBLADID in Icelandic 3 Sep 83 p 2

[Text] The Employers' Association of Iceland has been watching cost of living trends for this year and the next, measuring them against other factors anticipated by the government, that is, the goals of keeping the exchange rate constant, avoiding a budget deficit and eliminating the trade deficit.

Magnus Gunnarsson, general secretary of the Employers' Association of Iceland, said that, measured against 3 factors, the increase in the cost of living rate from January to December of this year would amount to some 79 percent. However, the increase from January to December of 1984 would amount to seven



percent. Gunnarsson further said that it was decided that there would be no salary increases during that period.

"We figure that, if we achieve these results, inflation here in Iceland will be brought down below 15 percent before the end of next year. This will also involve a simultaneous decrease in interest rates and a general increase in stability in the national economy, which is deperately needed," said Magnus Gunnarsson.

Magnus Gunnarsson told reporters that the calculations of the weekly journal VISBENDINGAR as regards inflationary trends were made presuming definite preconditions. Going by the figures in the journal, inflation from January to December of next year would be in the neighborhood of 50 to 55 percent.

"It is explained in the magazine that exterior salary raises are in fact a direct cause of variations in our runaway inflation. This ought to encourage the government and all Icelanders to fight against inflation. It is an urgent matter for us to defeat this inflationary trend, so that we can go back to normal conditions in our society," said Magnus Gunnarsson, general secretary of the Union of Service Professions, in conclusion.

#### Paper Approves Inflation Goals

Reykjavik MORGUNBLADID in Icelandic 8 Sep 83 p 24

[Eidtorial: "A New Money Market"]

[Text] Money markets in Iceland have been underdeveloped for some time; opportunities for businesses to come up with money for operational costs or investments have been limited. For a long time, financing was managed almost entirely by banks and savings and loans, but more recently, investment loan funds began to be developed, culminating with real progress in this area achieved by social security funds, which in the last few years have loaned just as much money to businesses as to individuals.

Despite this, the money market has been fairly poor, with fewer options than are available abroad, where companies have various opportunities to finance their activities and therefore can choose the option which is the most economical.

But this has changed in recent years. It is worth noticing that this new development is happening without substantial aid from the government and that the initiative and agency of individuals have been most important in this. Because of the efforts of three firms--the Icelandic Investment Company, which has been the leader in this; the Buyers' League; and Profits--a suitable money market has been created here which is outside of the banking system and independent of the investment loan fund or the social security fund. This new money market made it possible, for example, for one construction firm this winter and spring to advertise apartments and houses for sale with 20-year loans with constant terms, which is a longer loan period than the banking system trusts itself to allow to persons building houses.

There are many good reasons to encourage this development, and to help this new money market to increase its scope, so that (for example) businesses which are planning investments or other growth can have the opportunity to petition for loans on the open market, with varying terms dependent on each firm's circumstances, and thereby obtain the necessary funds. It is just as important to develop this market in such a way that shares of stock can be bought and sold; then the businesses would have the opportunity to increase their capital, petition for loans and thus finance their necessary investments. What would have to happen first, to make purchasing of shares of stock possible, would naturally be that such purchases would be made subject to the same taxation as other modes of saving.

The current government has the option of choosing to make the necessary changes in the taxation laws, thereby forming a basis for the government-owned companies which are for sale on the open market.

From the point of view of the business world, there will be many new opportunities created if the new money market continues to develop. In the first place, people will have more options to choose from and will together be able to deal with available loan terms. In the second place--and perhaps more importantly--the business world would be out of the clutches of politicians who tend to curtail commercial activity and make self-serving decisions relative to commercial affairs by means of their power over the banking system and investment loan funds.

The new money market is causing increased competition for the banking system, which will be good for it and which will lead to better service to individual businessmen and to the business world in general. The real reason that this new money market has come into being, as a result of the initiative of individuals and individual firms, is that the banks have not given enough thought to increasing their versatility or their farsightedness in business matters.

The development of this new money market is a pleasant and positive element of our current national scene.

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CSO: 3626/56

## TRADE AGREEMENT FOR 1984 CONCLUDED WITH USSR

## Within 5-year Framework

Reykjavik MORGUNBLADID in Icelandic 26 Aug 83 p 2

[Text] The Icelandic Trade Committee will begin discussions tomorrow with the Soviet government on Icelandic-Soviet trade for next year.

The talks will take place in Moscow with Ministerial Chief Thorhallur Asgeirsson as chairman of the committee. Also on the committee are Haraldur Kroyer, Icelandic ambassador to the Soviet Union; Jon Juliusson, division head of the Ministry of Trade; Bjorn Tryggvason, assistant bank manager of the Icelandic Central Bank; Benedikt Asgeirsson, embassy secretary; Arni Finnbjornsson, executive director of the Freezing Plants Sales Center; Gunnar Flovenz, executive director of the Herring Procurement Committee; Heimir Hannesson, executive director of the Canned Fish Sales Center; Hjortur Eiriksson, executive director of the Manufacturing Division of the Association of Icelandic Cooperatives; Magnur Helgason, from the Association of Icelandic Manufacturers; Petur Eiriksson, from the Icelandic Trade Council; Sigurdur Markusson, executive director of the Fisheries Products Division of the Association of Icelandic Cooperatives; and Vilhjalmur Jonsson, for the Icelandic Petroleum Company.

The discussions are taking place upon the basis of the Agreement on the Mutual Trade of Iceland and the Soviet Union for the Years 1981-1985. This agreement was in the form of a document signed in Moscow on 11 September 1980. Appended to the document were two lists, the one on goods to be delivered to Iceland from the Soviet Union and the other on goods to be delivered each year by Iceland to the Soviet Union during the period in question.

It is stated in the appended lists that the yearly quotas for the various kinds of goods shall be as follows:

- Frozen fish products: 12,000 to 17,000 tons.
- Frozen fish (including herring): 4,000 to 7,000 tons.
- Fish meal: 10,000 to 20,000 tons.

- Salt herring: 15,000 to 20,000 tons.
- Canned and conserved fish products: 4 to 6.5 million U.S. dollars.
- Knitted woolens: 2 to 2.6 million U.S. dollars.
- Woolen carpeting: 1 to 1.3 million U.S. dollars.
- Fibers, woolen yarns and rugs: 1 million U.S. dollars with possible increase.
- Paint and pigments: 1,500 to 2,000 tons.
- Various products: 1.5 million U.S. dollars.

Included in the last category, among other things, are hides and hide products, footwear, paper boxes and cases, machines and equipment for fisheries, fish line and rope, diatomite, cheese and other things.

Among items in the list of goods to be delivered to Iceland from the Soviet Union may be mentioned machinery and equipment, 3 to 4 million U.S. dollars; benzine, up to 100,000 tons; gasoline, 100,000 to 190,000 tons; crude oil, 110,000 to 180,000 tons; steel piping, up to 2,000 tons; timber, 30,000 cubic meters; and plate glass, 10,000 square meters.

It may be mentioned that there were exported, among other things, the following to the Soviet Union last year: 17,000 lasts of frozen fish products (principally carp products), 6,000 lasts of frozen fish and 160,000 tons of salt herring. According to Minister of Trade Matthias A. Mathiesen, emphasis is being placed in the talks on an increase in trade as a whole, not the least in frozen fish products and salt herring. It is, moreover, stated in the trade agreement that the parties can make an agreement on deliveries of commodities beyond agreed upon quantities and values.

#### Agreement Signed in Moscow

Reykjavik MORGUNBLADID in Icelandic 4 Sep 83 p 95

[Text] Comprehensive discussions took place last week in Moscow on the trade between Iceland and the Soviet Union. Two kinds of talks are in question. One kind took place in the Ministry of Foreign Trade on the carrying out of the trade agreement in force this year. The prospects are for uninterrupted trading. The other talks involved discussions of Icelandic exports and oil companies with the Soviet State Trading Company on new sales and purchasing agreements. The facts are from a Ministry of Trade news release.

Taking part in the annual discussions with the Ministry of Foreign Trade on behalf of Iceland were delegates of the Icelandic Ministry of Trade, of the Icelandic Embassy and of the major trading partners with the Soviet Union and of their associations. Both parties agreed that the trade had gone well and that the prospects were good for a continuation of the trade on the basis of the trade agreement binding for the years 1981-1985.

Much emphasis was laid by the Icelandic delegation on an immediate increase of the sales of Icelandic goods to the Soviet Union, especially salt herring, frozen fish categories and canned fish, to reduce the trade deficit with the Soviet Union. After much discussion, the Soviets agreed to purchase 160,000 tons of salted herring this autumn fishing season. This is the largest herring agreement ever made with the Soviet Union. The executive director of the Herring Procurement Committee will make the agreement with "Proding-trog." However, purchase of more frozen fish products was ruled out for this year since the annual quota, 17,000 tons, has been completely sold. Plans are for discussions on frozen fish sales next year, in November 1984.

It was shown that it was possible to make a supplementary agreement on the sale of canned fish for delivery this year and the Canned Fish Sales Center is working toward such an agreement. This would mean a real increase.

The Icelandic delegation made a presentation on Icelandic production of various machines and equipment for fisheries and fishing developed in recent years and which was thought to suit well the needs of the Soviet Union in fishing equipment.

Also discussed was the fact that the Soviets could purchase refined cod liver oil and mutton from Iceland. It was promised that the matter would be taken under advisement.

The delegates of the Trade Committee and of the petroleum companies also discussed the proposed purchase of like qualities of petroleum products next year as this year with "Soyuzneft export." A provisional agreement was signed but no final agreement will be made until next November.

#### Double Fish Export Expected

Reykjavik MORGUNBLADID in Icelandic 4 Sep 83 p 48

[Text] An agreement has been drawn up for the purchase of 160,000 tons of salted Sudurlandssild herring, to be produced in the coming fishing season, by the Soviet Union. This is according to Einar Benediktsson of the Herring Procurement Committee. At the beginning of the trade talks with the Soviets, held in Moscow last week, all likelihood was that we would be unable to come to an agreement on the sale of more than 80,000 tons.

Agreement negotiations with herring customers in all market countries on the presale of salt Sudurlandssild herring produced during the next fishing season have now gone on for some time. In addition to the agreement with the Soviets, negotiations with Swedish and Finnish customers are in their final stages and expectations are for agreements for the pre-sale of just under 50,000 tons to Sweden and Finland.

According to Einar Benediktsson, the prospects are for a total sale by prior agreement of just under 210,000 tons of salt herring this fishing season with many species of herring in question. It is calculated that such a sales volume is equal to 28,000 to 29,000 loads of herring from the sea.

On account of customs barriers, clear strength among our competitor nations and greatly increased herring production, there are no prospects for the sale of salt herring to the countries of the European Common market. The Herring Procurement Committee will now enter into discussions with the Icelandic government on special measures to expand the Icelandic market for salt herring. However, the Herring Procurement Committee has always been of the view and has especially emphasized the fact that the need is to sell herring to as many markets as possible to reduce risk.

9857

CSO: 3626/54

## NEWSPAPER BACKED BY MARXISTS REPORTS ON INFLATION FIGHT

Reykjavik MORGUNBLADID in Icelandic 6 Sep 83 p 7

[Commentary by 'Staksteinar': "Rational Voice from the People's Alliance"]

[Text] It is unusual that people within the People's Alliance speak with reason about current problems in our national economy. It did, however, happen in THJODVILJINN over the weekend when the paper had an interview with Throstur Olafsson, the newly hired executive director of Dagsbrun, the Reykjavik General and Transport Workers Union. Olafsson says, among other things, in this interview:

"I think that organizational changes are needed in the economic system, changes that are of a economic, political and social nature. So far, no government has had the courage to undertake such changes, including the last one, and therefore that government was not successful in obtaining results in the battle against inflation; it tried to maintain the status quo and succeeded."

"The fisheries are a good example of overinvestment as are the banks. Much investment has occurred in this sector and the service furnished by the banking system is far too expensive. Many other industries can be mentioned. This investment policy increases the tension in the economic system and the society and forces the price level up."

Olafsson was asked what should be done and he answered:

"Reduce the imbalance in a planned manner. It is not possible to stop the vicious circle with a single stroke. This is an old and intricate web. It is necessary to begin by reducing further price inflation factors starting with the fisheries. The current system calls for new and repeated devaluations which later force up the price level and wages. As long as that is not done, it is of no use to peek at other economic figures. If it proves successful to put the fisheries back in order so that revenues and expenditures balance, and the fishing industry returns capital it has received from the society then it is possible to continue working on other failings. Increased production is one part of this."

"We Icelanders will never be able to avoid blows. We are dependent upon foreign pricing. Here fluctuations are connected with natural forces. We will never be able to avoid being in the open sea. But too much has been made of increasing the unrest and the fluctuation pattern in the economic system rather than balancing it out."

The Dagsbrun executive director was then asked whether the fleet should be reduced and he answered:

"The cost of fishing must be reduced. The cost of fishing each kilo of fish has been increasing rather than decreasing. This is a sign of deterioration in economic life. One solution would be to try to get the trawlers to fish elsewhere than on the Icelandic fishing banks. I have also heard that it is possible to lease ships to foreign countries. As a last resort, I see as the only solution the state taking over the ships that do not do well and docking them. If this causes less work, new employment opportunities must be created at the same time."

It is obvious from the characteristics of the remarks that they are made by a socialist. Nonetheless, there is reason to call attention to them when an influential member of the People's Alliance speaks with some reason about our economic and employment affairs, as Throstur Olafsson does in this case. It comes as no surprise, however, when he answered a question about whether he was in the minority in the party:

"I have opened up discussions about various other issues within the party, such as investment policy, inflation and fisheries, and wound up in the minority."

9583

CSO: 3626/57



## BUDGET BILL FOR 1984 PROVIDES FOR HUGE DROP IN REVENUES

Reykjavik MORGUNBLADID in Icelandic 30 Aug 83 p 48

[Article: "Sales Tax and Import Revenues in 1984 Budget Bill: 1.6 to 1.8 Billion Kronur Less Revenue Than This Year"]

[Text] According to calculations that have been made in connection with the writing of the 1984 Budget Bill, the National Treasury revenue from import fees and sales tax for 1984 will be decreased by 1.6-1.8 billion kronur based on the price level of December 1983, but that amount corresponds to about 10 percent of the total expense of the National Treasury this year based on the same price conditions.

According to MORGUNBLADID sources, various basic prerequisites concerning the writing of the Budget Bill, such factors as rate of exchange, wages, pricing and interest rates, will be finalized at a government meeting tomorrow morning. The drafting of the bill is in its final stages. According to MORGUNBLADID sources, the objective is to maintain the exchange of the Icelandic krona stable throughout next year. It is also clear that a considerable reduction will occur in most of the bill's expenditure items as well as in revenue as mentioned above.

The presupposition for the calculations of the 1.6 to 1.8 billion kronur drop in revenue from import fees and sales tax between 1983 and 1984 is based on the reduction of imports that has already taken place. A lower import revenue of approximately 600 million kronur is expected, i.e., from duties and import dues, and as a result thereof about 1.2 billion kronur less sales tax revenue, but also calculated into that is a smaller turnover. The main reasons for this are said to be decreasing disposable income and therefore less spending and imports. A more favorable balance of trade can be expected to counter that.

9583

CSO: 3626/57

## EXPORTS DROP IN FIRST HALF OF 1983

Reykjavik MORGUNBLADID in Icelandic 7 Sep 83 p 38

[Article: "January-June: Exports Decreased Slightly over 2 Percent"]

[Text] Exports of manufactured goods increased by 41.2 percent  
Exports of marine products decreased by 17.8 percent  
Exports of agricultural goods decreased by 9.1 percent

Icelandic exports decreased by 2 percent in quantity during the first 6 months of the year, as the total exports amounted to 291,743.5 tons compared to 297,522.6 tons during the same period last year. The value increase of the exports in kronur, however, amounted to about 110.5 percent, or slightly over 774.3 million kronur compared to 367.8 million kronur during the same period last year.

The export of marine products decreased in quantity during the aforementioned months by 17.8 percent, as the total exports amounted to 169,859.4 tons compared to slightly over 206,425.3 tons during the same period last year. The value increase from year to year was about 91.9 percent, or about 534.0 million kronur compared to 278.2 million kronur during the same period last year.

It can be mentioned in connection with the export of marine products that during the first 6 months of the year, the export of frozen fish fillets increased in quantity about 10.9 percent, as the total export was 57,777.2 tons compared to slightly over 52,096.4 tons during the same period last year. The value increase from year to year was about 123.6 percent, or about 263.9 million kronur compared to slightly over 118.0 million kronur during the same period last year.

The export of Icelandic manufactured goods increased by 41.2 percent in quantity during the first 6 months of the year, as the total exports amounted to slightly over 92,841.5 tons compared to 65,767.2 tons during the same period last year. The value increase from year to year was about 176.3 percent, or slightly over 220.2 million kronur compared to 79.7 million kronur during the same period last year.

The largest item on the manufactured goods list is aluminum and aluminum alloys, but the export of those items increased by 72.7 percent in quantity during the first 6 months of the year, as the total exports amounted to slightly over 58,500.6 tons compared to 33,865.4 tons during the same period last year. The value increase from year to year amounted to about 252.8 percent, or slightly over 145.0 million kronur compared to slightly over 41.1 million kronur during the same period last year.

The export of ferrosilicone increased in quantity by about 15 percent during the first 6 months of the year, as the total exports amounted to 17,363.4 tons compared to 15,094.6 tons during the same period last year. The value increase from year to year is about 131.6 percent, or slightly over 17.6 million kronur compared to approximately 7.6 million kronur during the same period last year.

It can be mentioned in conclusion that the exports of agricultural goods decreased in quantity during the first 6 months of the year by 9.1 percent, as the total exports amounted to 2,873.4 tons compared to 3,158.0 tons during the same period last year. The value increase from year to year was about 65.8 percent, or 79.4 million kronur compared to 47.9 million kronur.

It can be mentioned that the average exchange rate index has risen by slightly over 138 percent between years, but it was 900.57 points this June and 378.35 points in June last year.

9583

CSO: 3626/57

## BRIEFS

DROP IN AUTOMOBILE IMPORTS--The total imports of automobiles dropped by 53.5 percent during the first 7 months of the year, as a total of 3,665 automobiles were imported, compared to 7,892 automobiles during the same period last year. During the January-July period, 12 so-called public transport vehicles; 85 station wagons; 2,644 other passenger cars, which are the regular passenger cars; 409 vehicles with 4-wheel drive; 334 vans; 103 trucks and 78 unspecified automobiles were imported. Comparable figures for imported automobiles during the same period last year are 22 public transport vehicles; 208 station wagons; 5,896 other passenger cars; 660 vehicles with 4-wheel drive; 721 vans; 214 trucks and 99 unspecified automobiles. [Text] [Reykjavik MORGUNBLADID in Icelandic 4 Sep 83 p 48] 9583

ALUMINUM EXPORTS POST LARGE GAIN--The price of aluminum has not been higher for years, as each ton yields about 1,670 dollars compared to 865 dollars for 1 ton during the same period last year. The price increase measured in dollars is therefore about 93 percent from year to year. The aluminum companies have had to struggle with enormous operational difficulties during the last 2 years but now, however, brighter days seem to be ahead and experts on aluminum affairs forecast that the situation will have become tolerable by the beginning of next year. Ragnar S. Halldorsson, director of ISAL [Iceland Aluminum Company] has stated to MORGUNBLADDID that the company needs from 1,700 to 1,800 dollars for each ton in order for the situation to be tolerable. There has been a great increase in the exports of aluminum and aluminum alloys which can be best noted by the fact that during the period January-June of this year, the value of the aluminum exports amounted to 1.45 billion kronur compared to 811 million kronur during the same period last year. The increase between years is about 78.8 percent. [Text] [Reykjavik MORGUNBLADID in Icelandic 3 Sep 83 p 3] 9583

CSO: 3626/57

## INCREASED EXPORTS ENVISAGED THROUGH PROMOTIONAL EFFORTS

Madrid EL PAIS in Spanish 14 Oct 83 p 53

[Text] Toledo. Between the present year and 1986, Spanish sales abroad are expected to increase from 2.71 trillion pesetas to 3.94 trillion pesetas, according to estimates of the State Secretariat of Commerce, which will be included in upcoming instalments of the government's economic program. A number of directors general explained yesterday to a group of journalists members of the Association of Economic Information Reporters (APIE), meeting at the old covent of San Juan de la Penitencia, in Toledo, the measures prepared to support these forecasts, which they expect to achieve an average real growth of 7.1 percent or 7.2 percent each year, growing from 5 percent in 1983 to 8.5 percent in 1986.

The director general of exports, Apolonio Ruiz Ligeró, said that alongside the increase of the last few years, more spectacular than had been expected, there was only limited participation by the gross domestic product, 11 percent for Spain, while the average for industrialized countries is 25 percent and there are some where it reaches 50 percent, such as Belgium and Ireland. Nevertheless, the government considers that sales abroad will probably not yet constitute a fundamental basis for economic growth over the middle term, and for this reason, an effort will be made to improve the competitiveness of production, to apply a proper exchange rate policy, such as the present one, and set in motion a series of measures.

Promotional measures were explained by Jose Ignacio Garcia Blanco, director general of the new Institute of Export Development, who said that from the indiscriminate policy followed up to now, based on fairs and missions, there will be an evolution toward publicity, counseling and exporter training.

While government subsidies for promotion are expected to double in the next year, from 2.6 billion pesetas to 5.8 billion pesetas, this assistance should reach 15 billion pesetas in 1986.

Juan Badosa, director general of commercial policy, discussed problems arising from the fall-off in markets caused by the economic crisis, widespread insolvency in Latin America, various forms of neoprotectionism

and the tendency toward barter operations. Spain's response will be, without overlooking other considerations, to reorient activity toward solvent markets, especially those of the industrialized area and the oil-producing countries. Highest priority for 1984 will be the United States, which, it is hoped, will absorb a tenth of Spain's foreign sales.

Aniceto Moreno, director general of tariff policy and imports, announced that Spain will shortly modify the structure of its tariffs to adapt it to the changes projected by the CEE [European Economic Community]. He said that the change has no reason to mean a general increase in import taxes, but will seek greater clarity and more methodical arrangement of such taxes.

Finally, the director general of the state-controlled enterprise, FOCOEX [External Commerce Development], Juan Arenas, outlined the orientation which will be given to his activity in the next few years, within the general program of assistance to exports.

12383

CSO: 3548/41

## CEOE ATTACK ON STATE BUDGET, SOCIAL SECURITY FOR 1984

Madrid EL PAIS in Spanish 14 Oct 83 p 53

[Article by Gustavo Matias]

[Text] The employer organization CEOE [Confederation of Spanish Management Organizztions] has appraised the state and social security budgets for 1984 as "a real plundering of savings," "an attack on the competitiveness of the economy," punitive of the labor effort "on the general principle that low salaries are the only path to the solution of our problems" and "holding grave consequences for the exchequers of business organizations." Characterizations such as these appear in a provisional document which has been circulating within the organization, and which will serve as a basis for its shortly to be issued public statement.

The assessment, already known to the executive levels of the employer body, has been thought more critical than that of last year, which seemed timid to various areas of the confederation. The executive committee has not objected to it. But the fact that it has not yet been released indicates, according to Confederation sources, that it will be completed once all the budgetary documents, especially the figures on public enterprises and autonomous organizations, have been studied. The principal purpose of this delay is to analyze the "inconsistency" between the budgets and the government's economic program, which, according to the provisional text, the administrative council has burned up a year in working out.

The assessment asserts that "these are the first truly socialist budgets," words attributed to a top official of the Civil Service. After pointing out that the persistent exclusion of regional governments, and the rather novel inclusion of autonomous commercial organisms places us "further and further from being able to recognize what the true budget of the Spanish public administrative units is," especially by not including "other coactive revenues" (this refers to unemployment tax rates and revenues of autonomous communities and municipal governments), the document continues: "There is absolutely no way of knowing the use that the municipal administrations wish to make of the blank checks which the government is going to hand them in the twofold form of the privilege of a surcharge on their share of the income tax, and the right to set rates on the urban tax. The confusion and disorder will increase without limit as the autonomous communities generate their own resources and taxes."

The conclusion that these budgets "represent a veritable plundering of savings, as much those which are generated through operations, through the income tax, as those accumulated over the years, through death duties and capital levies," is thought to be based on the difference between the 8 percent inflation foreseen and the expected real increases in amounts collected from the taxes mentioned. "If the receipts anticipated in 1984 are actually collected, the increase obtained by IRPF will be, not 20 percent but 30 percent above the forecasts of collections in 1983, which are some 90 billion pesetas below the initial forecasts for this year. The same thing occurs with the death duties and capital levies. With respect to this latter item, if indeed the increase between the budgets is 16.8 percent, what has been budgeted for 1984 exceeds by 68 percent what it is estimated will be collected in 1983. The treatment which is given to these three figures will, unless corrected, mean an important deterioration in savings, and therefore in the already very low investment expectations." The opinion that the budgets are also "an attack against the competitiveness of our economy" is based on the new increases in the tax rates on business dealings (sales), capital transfers and special items (particularly luxury items and fuel). It states, in that respect, that in the ITE a collection increase of 42.3 percent is anticipated, without at the same time putting into effect corresponding downward adjustments in levies on exports, and with the danger of leaving businesses defenseless in the face of domestic competition, "so that in many cases the repercussions from these increases will be extremely difficult for the final consumer."

According to CEOE, it is not certain that these increases will be balanced for businesses by means of the 1½ point reduction in the listed rates for social security. "Because," it says, "the increment in the maximum (14 percent) and the minimum (9 percent) bases in the general rate, and the substantial increments applied to certain special rates (agrarian and autonomous) more than compensate the whole system for the above-mentioned reduction in the social security rate."

The most novel assessment, however, would appear to be the assertion that the budgets "penalize the labor effort on the general principle that low wages are the only way to the solution of our problems of business capital drainage and low competitiveness."

The man who throughout his existence has preached the necessity to moderate labor costs as the best way to avoid losing competitiveness and penalizing employment, now says that "if a sacrifice in salary is asked of people who work," it is not possible "at the same time and without serious harmful effects, to raise taxes to confiscatory levels," or to increase transfers to nonproductive units "above the [word illegible] possibilities of the country."

12383

CSO: 3548/41



## FOREIGN FIRMS SEEK TO CONTINUE DRILLING IN BALTIC, NORTH SEAS

Copenhagen BERLINGSKE TIDENDE in Danish 11 Oct 83 Sec III p 3

[Article by Peter Kjelstrup]

[Text] Many foreign state companies and several big private oil companies are seeking concessions in the areas A. P. Moller and DUC [Danish Underground Consortium] have relinquished.

Thirty-two companies divided up into at least seven consortiums want to look for oil on Danish underground territory.

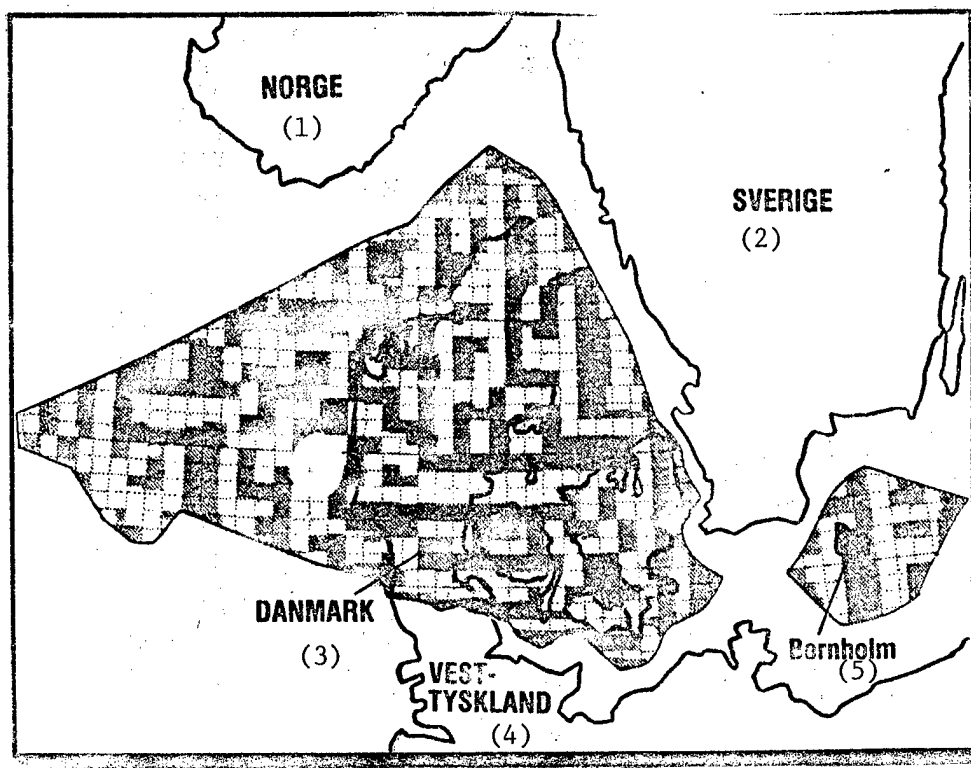
This can be seen from a list issued by the Energy Ministry of the companies seeking concessions to search for oil and gas in Denmark as of the closing date for such applications, 12 o'clock noon yesterday. But there was no information as to how these companies are divided into consortiums.

The companies are seeking permission to drill for oil in the half of the North Sea area that the A. P. Moller shipping firm relinquished last year as a result of negotiations with the state on new concession terms.

## One Sister and Several Contractors

Only one of the very big oil companies, better known as the Seven Sisters, is involved in the search for oil. That is the British BP, which is the leader of a consortium that includes among others the companies still remaining in Greenco, Greenland Petroleum Consortium, which looked for oil off the coast of West Greenland in the 1970's. The firms involved are the J. Lauritzen shipping firm and the big contracting firms in Greenland Arctic Contractors, Monberg & Thorsen, Christiani & Nielsen, Hojgaard & Schultz, A. Jespersen & Son, Kampsax and Saaby & Lerche.

BP may currently be the world's most successful oil company when it comes to the search for oil. According to the BP Oil Company, the firm has added to the group the Swedish answer to DONG [Danish Oil and Natural Gas], Swedish Petroleum and the Finnish state company, Neste OY, which not only imports crude oil from the Soviet Union but also refines and sells it.



The dark patches show the Danish underground locations where the 32 companies can seek permission to drill for oil. The rest still belong to DUC. However half of them will be turned over on 1 January 1984.

Key:

- |            |                 |
|------------|-----------------|
| 1. Norway  | 4. West Germany |
| 2. Sweden  | 5. Bornholm     |
| 3. Denmark |                 |

#### DONG and the State Oil Companies

With Grepco's 10 percent, there is still room for DONG to come in with another 10 percent under the terms of the concession. And that would mean that only Norwegian Statoil would be lacking to make the Nordic-British company of primarily state-owned companies a reality. But Statoil was prevented from going outside Norwegian boundaries before a parliamentary debate on the subject takes place.

Although the remaining six sisters are not among the applicants, there are still lots of big international oil companies that are. Shell,

Chevron and Texaco are already represented on the Danish shelf, since these companies are members of the Danish Underground Consortium along with A. P. Moller.

#### OK and the Americans

OK [East Asian Company] is part of a consortium consisting of big independent American oil companies, namely Atlantic Richfield, Occidental and Aminoil. A group that possesses all the expertise that could be required.

DONG will also get a small share here.

#### F. L. Smidth's Lottery Ticket

F. L. Smidth is part of a similar consortium. It is the oil giant Amoco, known in the United States as Standard Oil of Indiana, that is the leader of a consortium which also includes the giant British chemical concern, ICI.

Erik B. Rasmussen, director of F. L. Smidth, said in this context that the Danish concession rules allow even private Danish companies to get involved in the risky first phase, the exploratory phase, without investing too much money.

"If a miracle should occur and a find is made, the situation is open," said the director who called the circumstance that Danish companies can be involved without the big outlays and risks "a cheap lottery ticket."

F. L. Smidth also has a 10 percent involvement in the consortium.

DONG is being offered 15 percent here, so the Danish participation will come up to 25 percent. The two other companies share the remaining 75 percent.

#### Kosan and the Arabs

The Kosan group is indirectly involved in the consortium along with the state-owned Kuwait Petroleum, which bought Gulf in Denmark, among other things. This occurred through the American mineral company, Santa Fe Minerals, which has been bought up by the oil state. The oil giant, Superior Oil, with headquarters in Houston, Texas, is also part of the same consortium.

#### The Cooperatives and Britoil

The cooperative companies, Danish Farm Equipment Company and the Oil Company of Denmark, owned by the grocery cooperative, have also purchased a cheap lottery ticket. With very small shares of 1.25 percent apiece, they are involved in a consortium that is especially dominated by the English oil giant, Britoil, which is synonymous with the former state company BNOC before the English government sold 51 percent of the shares.

The independent American company, Amerada Hess, is also part of this group.

#### Found Ekofisk

In addition to this there are at least two large groups of purely foreign extraction among the applicants.

The French state-owned Phillips Petroleum, which made the enormous Ekofisk find just north of the Danish continental shelf is probably in partnership with some of the elements from Ekofisk, namely the Italian state company, Agip, and the Belgian Petrofina. The expertise, especially on the composition of the underground areas, is there. And Phillips has not concealed its view that the intensification of Norwegian interests in the Norwegian shelf is well on the way to making the area uninteresting as an exploration area for the French company, which was encouraged in part by the small Danish find, Anne, to continue its search for oil in the North Sea at a time when no one believed that there was anything there to find. And made the biggest find of all, Ekofisk.

#### Getty and Volvo Involved

Agip owns the Seipem company, which delivered the enormous machinery that laid down the DONG oil and gas pipelines in the North Sea and across the Great Belt. DONG's share will be at least 20 percent without having to pay for the exploration.

Finally the Getty oil company is acting as a concession applicant. This privately-owned company, which has always been a thorn in the flesh of the big oil companies, is thought to be in a consortium with Murphy and Oceanic.

#### Energy Minister Satisfied

In addition to this there are several Canadian companies and Volvo's oil trading company, Scandinavian Trading Center, is part of one of the consortiums.

The Energy Ministry must now deal with the applications. In principle all the relinquished areas are free for oil exploration, since the companies themselves can choose where they will apply for drilling permits. But it is apparent from the concession terms that the Energy Ministry wants to stress granting concessions to the companies that offer to drill even in places that are out of the way while at the same time the greatest possible Danish participation is favored. At least one of the consortiums is said to be interested in drilling on shore, although interest is concentrated, naturally, on the outermost part of the North Sea area where all the finds to date have been made.

Energy Minister Knud Enggaard said that he is satisfied with the interest shown in the first round. "We now have a new point of departure for an

intensified exploration for oil and natural gas in Danish underground areas," he said.

The concessions will be granted after a presentation to the Energy Policy Committee.

6578

CSO: 3613/19

## PROSPECTS FOR NATIONAL GEOTHERMAL ENERGY

Athens I KATHIMERINI in Greek 30 Sep 83 p 7

/Text/ The Ministry of Energy and Natural Resources drafted a bill for promoting research and for exploiting thermal energy that can be developed significantly in our country because of the especially favorable geothermal conditions.

According to yesterday's announcement by the minister of Energy and Natural Resources, Mr E. Kouloumbis, the content of the bill specifies:

Clear and full definition of geothermal energy and the geothermal fields.

That the geothermal liquids belong to the Public that can turn them over to third parties through the minister of Energy and Natural Resources, giving them the right to search for and exploit these fields, defining the conditions for the exploitation, the period of time for it, the kind of lease, the measures for protecting the environment etc.

Absolute priority to DEI /Public Power Corporation/ for geothermal fields with liquids suitable for the production of electric power.

Priority in Organizations of Local Self-Government as for other use (area heating, agricultural applications, industrial uses etc.)

Maintenance of the right of the Public for further use of the liquids after the specific use by those to whom they were turned over.

Provision of all or part of the rental to OTA /Organizations of Local Self-Government/.

Giving DEP Public Petroleum Corporation the potential to perform, under assignment, drillings in search of geothermal energy.

The potential to issue the necessary regulations by Presidential Decree, for the coordinated and correct development of geothermal energy, for the development of national programs for research and application etc., as well as for the designation of the suitable and authorized agent and a regulation for his duties when he undertakes to perform what is described above.

The potential to issue a Special Geothermal Regulation (by Presidential Decree) for the correct operation of geothermal fields (personnel security, correct exploitation, protection of health spas etc.).

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CSO: 3521/8

## PRICE HIKES IN ELECTRICITY, PETROLEUM PRODUCTS EXPECTED

Madrid EL PAIS in Spanish 13 Oct 83 p 15

[Text] The Council of Ministers, which meets today in the Moncloa Palace with Prime Minister Felipe Gonzalez presiding, is expected to approve an average increase of approximately 6 percent in electricity rates and to introduce a change in the rate structure. Administration sources consider it unlikely that the decision will be made in the same meeting to increase the prices of products derived from petroleum, with the exception of butane, despite the favorable report issued in this connection by CAMPSA [Leasing Company of the Petroleum Monopoly, Inc.].

The government's desire to maintain the increase in the Consumer Price Index (CPI) at the levels predicted by the Ministry of Economy and Commerce (no more than 12 percent at year's end) seems to suggest a postponement of gasoline price increases, although sources consulted consider it likely that a decision will be made on liquefied petroleum gas, specifically butane and propane, whose prices were unfavorably affected by the peseta's decline in relation to the dollar during the year.

Another factor apparently affecting the government's wish to postpone raising the price of gasoline, diesel oil and fuel oils is the impact which such an increase would have on the cost of producing electric power, partly dependent on the development of fuel-oil prices. In recent talks with electricity companies, the Ministry of Industry only approved a 6-percent increase in rates; this increase is in addition to the 7.5 percent decided in the early part of the year.

#### Recommendation of Electricity Companies

Electricity companies had recommended a much larger increase and argued that if the prices of petroleum derivatives were increased, a larger increase should logically be considered to include this additional cost in financial costs, the basic cause of the additional increase to be decided on today. Today's decision on electricity prices is the result of the recent hearings on electric power production and corporate costs, held by Arthur Andersen, the U.S. electricity firm.

According to the latest report compiled by the delegation from the Ministry of Economy and Commerce to CAMPSA, the peseta's decline has changed the rate



of tax revenues derived from petroleum derivatives. To offset this change in tax revenues, the public sales prices of gasoline should be changed by approximately 9-10 percent, with the increase for diesel oil being greater than that for gasoline. This would correct the price structure for products derived from petroleum. The losses of the distributing company, Butano, is one factor which will affect the expected increase in the price of liquefied petroleum gases.

In addition, according to EFE Press Agency, a study by the Ministry of Industry and Energy on increasing electricity rates predicted it was possible that industrial rates for low-voltage power, which are applied to most industries, could drop by 3.22 percent.

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CSO: 3548/38

## NITRATE CONTENT IN GROUND WATER HAS TRIPLED IN 30 YEARS

Copenhagen BERLINGSKE TIDENDE in Danish 12 Oct 83 p 12

[Article by Poul Erik Petersen]

[Text] In the course of 30 years the nitrate content has more than tripled. The biggest concentrations are found in Jutland. In 5 percent of the analyses, the nitrate content was above the acceptable level.

In the last 30 years the average nitrate content of the ground water for the country as a whole has more than tripled. This was shown in a study conducted by the Environmental Agency. The study covered 99 percent of all drinking water supplied by water plants.

But even though the average has risen from 4 mg per liter to 13 mg per liter over the last 30 years, this does not mean that the ground water and thus our drinking water generally has become decidedly dangerous to our health.

The problem with nitrate in the ground water is that it can be reduced to nitrite which can cause the blood to become unable to bind oxygen, said section leader Ib Knudsen of the toxicology section of the State Food Institute. This is especially a problem in connection with infants who are given formula instead of nursing and thus receive a disproportionate amount of water in relation to their body weight. Another and equally serious problem is that in the long run nitrite can be carcinogenic.

In its study the Environmental Agency pointed out that the nitrate level is of vital importance to the nation's supply of drinking water and must therefore be regarded seriously. Especially because the "nitrate content of the ground water will presumably continue to increase for many years into the future. That is because the permeation of rain water and the flow of ground water occurs extremely slowly," the report says.

### Big Differences from Region to Region

There are big differences in the nitrate content of ground water from one region of the country to another. The ground water in West Jutland has a much higher level than the ground water on the islands. For the nation as a whole they found in 5 percent of the analyses a nitrate content that was above the highest permissible level, 50 mg per liter. This means that 6-7 percent of the population gets drinking water that exceeds the highest permissible level.

Analyses from Viborg and Ringkjobing Counties show that private separate facilities are the most affected. Between a third and a half of these have a nitrate content of more than 50 mg per liter.

The Environmental Agency writes in its report that it must be recognized that "our knowledge today is incomplete with regard to the conditions and processes that are decisive for nitrate seepage." Therefore an effort will be made to illuminate these facts so that it will be possible to determine what can be done to prevent and ameliorate the growing nitrate content in the ground water and in drinking water.

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CSO: 3613/19

## ENVIRONMENT MINISTER WANTS TOTAL HALT TO CHEMICAL DUMPING

Copenhagen BERLINGSKE TIDENDE in Danish 11 Oct 83 p 10

[Text] Environment Minister Christian Christensen (Christian People's Party) intends to introduce a total ban on the dumping of chemical waste into the ocean. In the past only waste from the Grindsted plant--Grindsted Products--has held a limited permit for dumping, but now the environment minister wants to make the ban total.

At a meeting sponsored by the Grindsted Environmental Groups, Christian Christensen said last night that he hopes that the last load of chemical waste from a Danish plant has already been thrown into the ocean. The meeting with the environmental groups took place immediately after the minister paid a visit to Grindsted Products.

"The Environmental Agency is holding talks with Grindsted Products at this time about the dumping permit," said Christian Christensen. "And I have stressed to the agency that in connection with the talks they should evaluate the other possibilities for getting rid of the waste."

The environment minister was referring to the proposals made by Greenpeace among others that the firm store its waste in tanks on land. But he would not reject the possibility that there might be a transition arrangement for the Grindsted firm, so that some ocean dumping might be allowed. "But if that happens it will be for the shortest possible time," said Christian Christensen.

"We can very well produce and protect nature at the same time. But it requires patience and an honest determination to solve the problems," said Christian Christensen.

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CSO: 3613/19

## ENVIRONMENT MINISTRY BEGINS OPERATIONS, SETS PRIORITIES

Helsinki HELSINGIN SANOMAT in Finnish 18 Sep 83 p 26

[Article by Juhani Aromaki: Environment Ministry Was Born Lame, Starts Work in October Stumbling and Pared Down"]

[Text] The Environment Ministry will begin its operations in the beginning of October in an atmosphere of conflicts.

Great expectations are placed on the ministry but since the beginning people have tried to describe its work as if it were worth very little, according to officials of the ministry. Environment Minister Matti Ahde has helplessly spread his hands. He traveled around during the summer to talk about what the ministry is missing and he suspected that he does not stand on a solid foundation.

The public expectations and the ministry's actual possibilities are in strong conflict with each other.

The political wrestling that lasted for 10 years is now over: in the Environment Ministry it is not possible to get help in water matters (they remained with the Water Department) nor with matters concerning game and fishing economy (they remained with the Ministry of Agriculture and Forestry) nor with the care and management of nature sanctuaries (they remained with the National Board of Forestry).

Before the beginning of October there will begin another wrestling match about how the last unfilled positions of the ministry's 200 positions will be filled. The Social Democrats believe that they got too few positions; and the considerations of political compatibility seem to surpass those of professional ability in the final competition.

## Arm Twisting

The Environment Ministry is starting its operations in the midst of special interest groups competing for advantages. It will have to make many decisions that will at times make the hair stand up on the conservationists and at times on the counselors of industry. Planning and construction as well as housing will be handled by the ministry.

This will give financial power to the ministry. For example, the housing division lead by its director Martti Lujanen (Independent) will distribute close to 3.5 million marks each year for housing. The already appointed officials are waiting for their turn at arm twisting within the ministry and have their doubts about how the actual environmentalists will be able to stand up against divisions that distribute billions for housing.

It is feared that the builders' wish will come true. The inclusion of housing, planning and construction matters will, according to those who are fearful, assure that the environmentalists' views definitely will not get too important and too expensive.

They are now waiting for Chief Secretary Lauri Tarasti (Independent) to provide guidelines. At the same time it will be seen whether the ministry's Environmental Protection and Conservation Division will be satisfied with being a safety valve for bad conscience within the ministry.

The conservationists, on the other hand, suspect that people are expecting that the new ministry will solve all problems so that citizens groups are no longer needed.

"People should not expect too much," warns Rauno Ruuhijarvi, chairman of the Nature Conservation Union of Finland.

"The ministry will not really increase the resources for conservation. Local movements and organized conservation movement will now be needed more than ever," says Ruuhijarvi.

#### New Signs

The 200 officials of the Environment Ministry are basically transferred to work behind a "new sign" to take care of practically the same matters as before.

"The Environment Ministry in its present form is not a final but an intermediate goal," comforts Director of the Environmental Protection and Conservation Division Olli Ojala.

The organization of the new ministry will indeed begin to clarify how the jungle of regulations of the environmental legislation shall be interpreted in the future.

The fact that the ministry has clipped wings is, also a result of the fact that it almost completely lacks an intermediate step in its administration. Now the top of the organization has 200 officials but in the entire environmental protection administration there are only about 30 officials. In the county governments two or three officials work to enforce 15 laws.

It was already admitted in the cabinet report that the Environment Ministry would be only the first step toward organizing environmental matters.

"The reform of the administration in itself is not a solution to environmental problems. It is still a necessary prerequisite for solving these problems. And the question is not just a matter of reform of the central administration either."

"In the administration reform an effort is made to place and transfer tasks and decision-making power from the central administration to lower administrative levels and to the municipalities. The environmental protection activities of the municipalities have to be organized," the government noted.

#### Water Department

The ministry's biggest disappointment is that the Water Department with its district organizations has not yet been brought under its authority.

The Parliament has not yet made a final decision about the position of the Water Department in relation to the establishing of the Environmental Ministry. The matter was transferred to Water Management Board 1983. The board ended up with a decision consisting of two parts which would mean that the Water Department would cease to exist and the water management would be transferred to the Water Division of the Environmental Ministry. The board pressed the government to make a quick decision and to pass the laws before the end of 1983.

The Water Department and the conservationists have continuously been in disagreement. The conservationists' standpoint was once again explained in the union's statement in the Water Management Board's report in July 1983.

According to the conservationists the so-called engineer line was already dominating when the staff was selected at the time when the Water Department was founded. Construction has thus been an overpowering matter in comparison with the other tasks of the Water Department.

"There is not much environmental know-how or else it does not affect the decision making. Certain water districts with too large staffs create problems and disputes in an effort to keep the staff and the equipment working regardless of methods. From this it follows that the planning becomes slanted toward heavy projects that harm the environment, or that necessary small projects get unrealistically large dimensions," stated the union.

The Environment Ministry's opinion is also that the Water Department is too large for its present tasks. The Water Department has 430 officials and 1,100 people are working in the districts, some of them with a spade in their hand, others driving a bulldozer.

The Central Federation of Finnish Trade Unions is still afraid that job positions will disappear and it supports the continuation of the Water Department. The Ministry for Trade and Industry, on the other hand, is thinking of the country's energy policies and the promotion of water power. The final decision will soon become the task of the cabinet and the Parliament.

When the Environment Ministry was assembled it was observed that its work force would get help from the power sources within the Water Department. New positions will hardly arise, wherefore many officials are of the opinion that the so-called coordination law should immediately be applied. According to some calculations it would be possible to transfer 30 positions each year from the Water Department to fill the openings in the Environment Ministry.

#### Fish and Game

The Water Department might indeed soon become part of the Environment Ministry in order to strengthen it, but the game and fishing matters that the conservationists want will, for the time being, stay with the Ministry of Agriculture and Forestry and the care of the nature reserve areas will stay with the National Board of Forestry. Director of the Conservation Area Division of the National Board of Forestry, Matti Helminen, is of the opinion that it is better to wait a couple of years to see if there is reason to transfer the care of nature reserve areas away from the National Board of Forestry. "This is important in order to guarantee continuity. Since the Environment Ministry does not have any field staff, there is the danger that the officials of the central administration shuffle papers among each other," says Matti Helminen.

"When the Environment Ministry is starting it would be more important than before that the different ministries work together. Now there is the danger that some ministries believe that they will be freed from environmental protection duties after the beginning of October. If that happens, the care of matters will indeed be limping badly," says Matti Helminen.

#### Power Game

The development of the care of environmental matters has been clarified in different contexts ever since the beginning of the 1960's. The governmental central administration committee penetrated into the matter in the broadest manner and suggested unanimously in 1975 that the environmental matters ought to be centralized in the Environment Ministry.

The speed increased significantly when in March 1982 the government appointed a ministerial commission to lay the basis for the Environment Ministry. The work resulted in three alternatives, which lead to the ministry now starting its operations.

But after the political turmoil nobody is really pleased. How did we arrive at this? Ever since the end of the 1960's there has been a power game between the Center Party and the Social Democrats in the environmental matters. Although the power center of the Center Party, the Ministry of Agriculture and Forestry, has pretty well managed to stand up for itself, the Social Democrats have now, according to many, received an important bridgehead position.

At least one person, Councillor of State Paavo O. Vaisanen, is even entitled to being wise in hindsight. He is retired from the Ministry of Agriculture and Forestry.



More than 10 years ago a work group within the Ministry of Agriculture and Forestry started its work, led by Paavo O. Vaisanen. It proposed that the name of the ministry should immediately be changed into the Ministry of Natural Resources in order to be more up to date and to begin developing in agreement with the needs of the new time.

According to Paavo O. Vaisanen there would be no need at all now for a new Environment Ministry if the Ministry of Agriculture and Forestry would have understood the signs of the time.

"Environmental protection was still regarded as a game of no account. The Center Party then held all the strings in its hands, but now the party seems to be losing them. The time passed us by," says Paavo O. Vaisanen.

The Center Party's power is, however, still ruling over the land, the forests and the water. It still governs the game and fishing economy in the Ministry of Agriculture and Forestry.



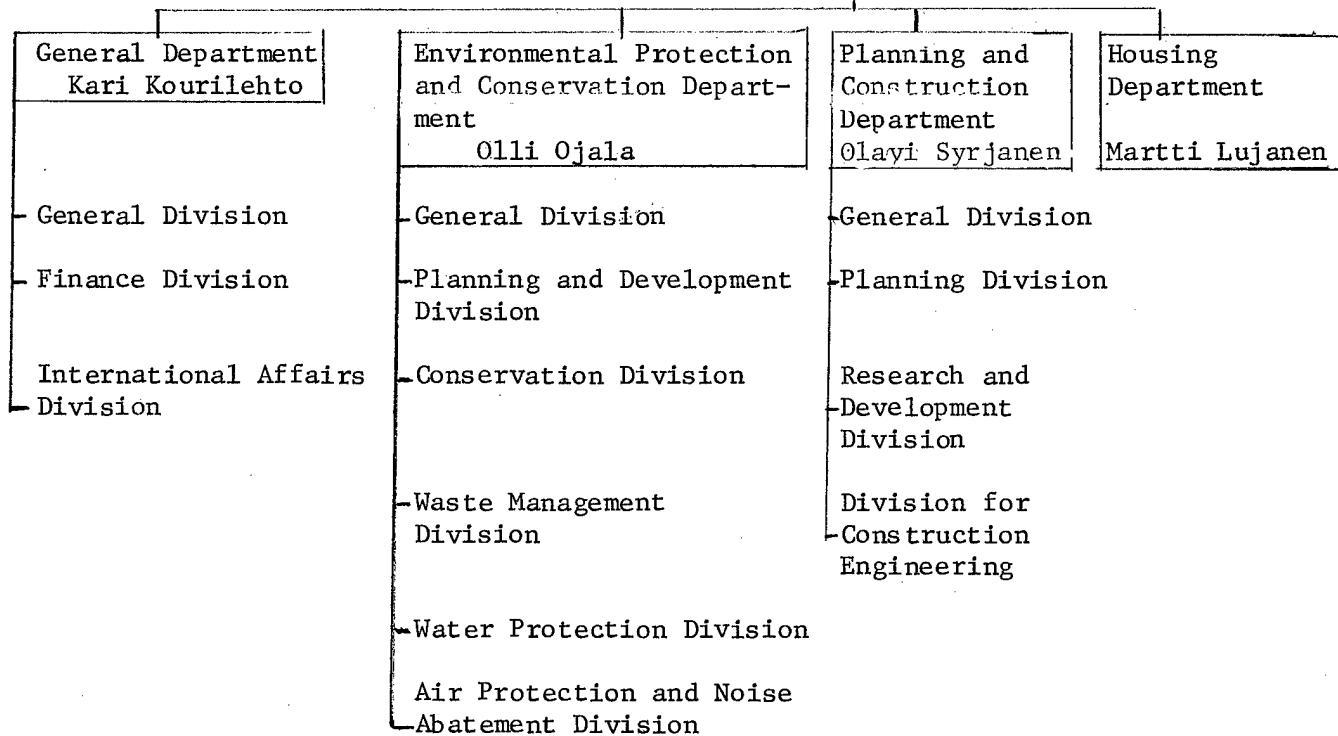
Environment Minister  
Matti Ahde

The Environment Ministry

1.10.1983

Minister  
Matti Ahde

Secretary General  
Lauri Tarasti



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CSO: 3617/4

## LACK OF INFORMATION; FUNDS HAMPERING PCB INVESTIGATION

Helsinki HELSINGIN SANOMAT in Finnish 21 Sep 83 p 7

[Article by Juhani Aromaki]

[Text] Although PCB substances have been used since as early as the 1930's, scientists have not yet managed to quite understand the effects of the substances. When a poison accident has taken place and a PCB condensor or transformer has burned there is no safe method for the clean up of the poison. This was stated by the PCB experts who gathered at Hanaholmen in Espoo.

At the international conference arranged jointly by the Institute for Occupational Hygiene and the United States Research Institute for Environmental Health are discussed, among other matters, PCG accidents and their prevention, the measures to be taken after an accident has happened as well as determination of health risks in individuals who have been exposed to the poison. The meeting will end on Wednesday.

For example, only 6 years ago industry was still not aware of the fact that when PCB is burned extremely dangerous poisons, so-called super toxins appear. Christoffer Rappe of the University of Umea who is a specialist in PCB substances remembers how he was laughed at in the United States when he reported that he had given proof of the formation of super toxins. PCB was, on the contrary, considered very safe because it does not burn.

Already 41 Accidents Since Last October

PCB is currently used primarily in closed systems like condensers or transformers. In Finland 250 such transformers and 110,000 industrial condensers are in use. Further, the number of small condensers that contain PCB are probably around 3 million in the Finnish households.

Although the poisons are in a closed space in the devices it is not possible to avoid accidents. For example, in Finland 41 fairly large PCB devices have broken since October of last year, according to director general of the Institute for Occupational Hygiene, Jorma Rantanen.

According to Professor Rappe a method has been developed in Sweden and the United States which makes it possible to determine how susceptible the devices are to breaking. The best way to guarantee the safety of workers and the environment is to replace the PCB of the devices with silicone.

#### All of Us Contain PCB

Not much is known about the effects of long-term exposure of PCB on people. Based on animal tests cancer effects as well as pregnancy disturbances can be feared according to Doctor Renate Kimbrough of the United States.

Changes in blood and liver values have also been observed in people who have been exposed to PCB at work. PCB substances are, on the other hand, spread all over the world and they can be found in everybody's liver and blood. How the substance affects us is not known.

#### Lack of Funds Hinder Participation in Congress

Although a group of the leading PCB scientists gathered at Hanaholmen in Espoo, representatives for the Institute of Environmental Protection of the University of Helsinki in Vik could not be seen. The Institute of Environmental Protection, however, has for a long time, with Professor Pekka Nuorteva in the front rank, been raising its voices about PCB.

"The funds of the Environmental Protection Institute are so small that we are not able to participate even in congresses that are held in our own country. Some information might have crystallized out of this congress since highly regarded scientists were participating," says Nuorteva with regret.

The lack of funds is not the only problem of the institute. There are, for example, 270 marks available for buying books. That money is, with a bit of luck, enough to buy one scientific book. There are still 260 students at the institute who study at the basic course level. Each year 15 students with environmental protection as their major subject start their studies.

The institute is applying for 3,000 more marks for book acquisitions, but even that amount does not go very far. According to Nuorteva Finland completely lacks a central library for environmental protection.

Nuorteva says that the harmful effects of PCB have been found over the world in hundreds of animal tests, but it is not possible to make the corresponding tests on people.

#### 'Naive Idea of Poisons'

"For more than 10 years we have had a naive idea of poisons according to which each kind of poison causes disease symptoms that are typical for that poison. These symptoms are detected with a massive dose of the poison. In reality the matter is far more complicated," explains Nuorteva.

Living organisms have their own regulatory mechanisms, but substances that are completely alien to nature may stir them up. Therefore, it is hard to guess the effects of, for example, PCB beforehand through speculating and research. According to Nuorteva it would be best to leave the use of poison to a minimum.

By means of animal studies it has been observed that PCB affects the secretion of sex hormones. It has been found in seals that the levels of sex hormones decrease, the blood circulation slows down in the sex organs and the uterus shrinks. The consequence is that the ability to reproduce ceases.

Furthermore, pus blisters as well as muscle tumors in the uterus have been found in seals.

PCB can also weaken the sex organs of humans as well as the blood flow of the placenta. When neither oxygen nor carbon dioxide can be removed from the placenta, gangrene occurs. The pathologist will still probably say that no damages can be seen. It is often said that the embryo has died due to lack of oxygen without analyzing the matter more closely, Nuorteva states.

Fishermen from the coast off Pori often report that the sex organs of fishes are often degenerated on one side. According to Nuorteva there is superficial evidence of the fact that this phenomenon might also be caused by PCB. Although the PCB levels have been reduced in the Baltic, they are still the same in the southern part of the Gulf of Bothnia. That is, according to Nuorteva, caused by Kokemaenjoki River.

For example, it has been found that in mice and in pigeons the PCB doses may alter their estrus cycle. The spawning times of fishes have also been found changed according to the studies of Swedish researchers.

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CSO: 3617/4

## REPORT URGES IMPROVED MEASURES FOR TESTING CONTROL AGENTS

Helsinki HELSINGIN SANOMAT in Finnish 25 Sep 83 p 10

[Text] The approval of control agents should be transferred from the Plant Protection Agency to a board consisting of experts according to a proposal by the committee that inspects and registers control agents.

In its presentation submitted to the Ministry of Agriculture and Forestry, the committee proposes that the Plant Protection Agency should cease to exist. There should be instead a control agents office within the Department of Agriculture. The changes in organization would come into force in the beginning of March of next year. The proposal of the committee is included in the governmental budget proposal for next year.

According to the proposal the sale of the control agents should be approved by a board appointed by the cabinet. The board would include representatives of agriculture, plant protection, occupational hygiene protection as well as food inspection.

The basis for the committee's proposal is that the new board would simultaneously evaluate both the advantages and disadvantages of the product. Currently the usefulness of a product is studied by the Plant Protection Agency whereas the possible harmful effects on health are studied by the Central Medical Board.

Complaints regarding the decisions made by the board would be presented to the Supreme Administrative Court.

The control agents office of the Department of Agriculture should monitor the import, trade and use of the substances as well as keep a register of approved products.

The possible effects on the environment of control agents should, according to the committee, be clarified to a greater extent in a preliminary investigation. The committee, which was appointed in 1982, submits its final report by the end of November. The report includes a dissenting opinion stating that the changes have been prepared too hastily.

## BRIEFS

PCB IN GULF OF BOTHNIA--The Oceanographic Institute is investigating possible environmental poison levels in samples of bottom silt that it collected during its recent research trip to the southern Gulf of Bothnia. The institute is also studying possible levels of PCB in the samples that were taken in the waters of Dragsfjard during the same trip. The goal is to find out from the bottom silt samples whether the environmental poisons, mainly PCB and DDT, are increasing over a long period of time. The samples were taken at the open sea from the bottom of the sea at 100 meter's depth, according to special investigator Lauri Niemisto. The study of the bottom silt samples will continue until the end of the year. The examination of the Dragsfjard samples will take around 3 weeks. The Oceanographic Institute collected clams and fish at Dragsfjard. The samples at Dragsfjard are collected as a part of a research program aimed at clarifying whether shipper Jukka Ojaranta dumped barrels that contained PCB in the area during the summer of last year. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 21 Sep 83 p 8] 9662

CSO: 3617/4

## FESCA INDEMNITY FOR CERCS THERMAL PLANT POLLUTION

Madrid EL PAIS in Spanish 6 Oct 83 p 27

[Article by F. Sales]

[Text] FESCA [Electric Power Company of Catalonia, Inc.] has paid 36,948,863 pesetas to settle claims arising from air pollution caused by the Cercs thermal plant in the Bergueda area. This information comes from statements made opportunely by David Terradas, legal counsel for the company, before the instructing judge of Berga who is conducting proceedings for a presumed offense against public health.

According to Terradas, the origin of these indemnities goes back to 1976, when it was decided to create a permanent commission together with Icona to evaluate the presumed damages caused by the contaminating effects of the Cercs thermal plant. The commission undertook a twofold study of the damages, those produced in public and private woodlands and those produced in annual farm crops.

For the damages produced in public and private woodlands it was agreed that 26,708,500 pesetas would be paid. In this valuation the damages produced by pollution between 1976 and 1979 were included. The commission which made this survey was formed by the town council of Cercs, representatives of Icona and of Fesca, who agreed to meet again in 1985.

In the second study damages to annual crops were considered, according to announcements made by the electric utility. The conclusion was arrived at that the damages which occurred between 1973 and 1981 came to 10,240,363 pesetas.

#### Cercs Investigated

These statements of the FESCA spokesman before the instructing judge of Berga have been combined with the previous proceedings 366/81, which arose from an accusation made by two farm families of the area. These farmers discovered in the summer of 1980 that all their domestic animals were dying because of the emissions of sulfur dioxide from the smokestack of the Cercs thermal plant. For these same reasons numerous crops and trees had been destroyed.



Since 1980, the complaintants have tried to demonstrate, with more or less success, that FECSA was responsible for the damages. Basic to this investigation were the services required of a veterinary expert who confirmed the suspicions of the farmers.

With a full investigation the declaration of the FSCSA spokesman was produced, which, according to the interested parties, "out to be a recognition of responsibility."

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END